

NEWS: INTERNATIONAL

Warsaw clear to privatise 600 ventures

By Christopher Bobinski in Warsaw

POLAND'S beleaguered ruling coalition won a vital victory yesterday when the country's parliament passed a mass privatisation bill, securing the government's future and giving the go-ahead to its policy of market reforms.

The legislation provides for the transfer to the private sector of about 600 companies at once and the distribution of shares to the public.

The privatisation scheme, expected to be approved by the Senate and President Lech Walesa, failed to get a majority last month and the fate of Ms Hanna Suchocka's coalition government hung on the result of yesterday's vote.

The plan, first mooted in 1991, foresees the establishment of 20 or more foreign managed investment funds. Shares in these will be distributed at a nominal charge to all adult Poles who apply.

The funds are to remain for 10 years, after which the shareholders will decide whether to wind them up. S.G. Warburg has been advising the privatisation ministry on the scheme.

The World Bank has made access to successive tranches of a \$450m (£292.2m) loan conditional on implementation of the scheme and European Bank for Reconstruction and Development (EBRD) funds are available to finance the plan.

Privatisation is one of many paths the government is following to reduce the state sector which at the end of last year still had 7,342 enterprises. Hundreds of state companies have been leased to manage-

ment and workers and scores sold to foreign and domestic investors. Some 40 per cent of industrial output is already produced by the private sector.

Mr Janusz Lewandowski, the privatisation minister, who threatened to resign if the scheme failed to go through, said after the vote it would "permit hundreds of companies to be restructured, give them access to western markets, to new technologies and cheap credits".

"This is good news, it means that a lot of things can start moving again," a western banker said yesterday. The 215 to 173 vote victory only became possible after the government had made concessions to the SLD, the 58 strong group of former communists in parliament. Yesterday 38 of the SLD group either voted for or abstained, opening the way to further tactical alliances with Ms Suchocka's cabinet.

The government now enjoys the support of a mere 187 votes in the 460 seat Sejm after the small PL farmers' group left the coalition in a difference over agriculture this week.

The concessions to the SLD included opt-out rights to state sector enterprises chosen for inclusion, handing shares in 10 of the funds to 3.6m pensioners and public servants as compensation for wage cuts made in 1991 and later declared illegal by the courts and lastly strict definition of the rights and duties of foreign managers.

The plan had nevertheless been criticised by the right-wing opposition parties as well as the PSL farmers party for giving too great a say to foreign investment banks and consultants over a big part of the country's industry.

GM nears plant deal for Poland

By Kevin Dore, Motor Industry Correspondent

GENERAL Motors of the US, the world's biggest vehicle maker, expects to reach a final agreement by mid-May to begin low volume car assembly in Poland.

Separately the group is planning to cut around 2,500 jobs at its plants in Germany, Belgium and the UK in response to the steep fall in west European new car sales.

Mr Jack Smith, GM president, said that agreement had been reached "on all aspects" of the group's plan to assemble its Opel Astra in Warsaw in a joint venture with FSO, the Polish state-owned carmaker.

"These understandings need to be incorporated into the draft final agreement, which can be done quickly," he said following a meeting with Polish Prime Minister Hanna Suchocka.

In the first stage of the project GM is planning to assemble up to 10,000 Opel Astras a year in Poland. GM will send car bodies from its assembly plant at Antwerp, Belgium for final trim and assembly in Warsaw.

GM plans to invest around DM30m (£12m) for the first stage of the project. It will have management control of the joint venture in which FSO is expected to have

a holding of 20-25 per cent.

In a second stage GM could move later to full assembly of car kits in Warsaw including body welding, when capacity would be increased to 33,000 a year.

GM Europe said yesterday that pilot production could start in Warsaw by the end of the year with volume production beginning by the spring of 1994.

Separately GM and FSO are negotiating a technical assistance agreement for the US carmaker to support FSO in the updating of its existing production of the ageing Polonez range, and GM is also planning to assist in the development of components suppliers in Poland.

Mr Wlaciw Niewiarowski, Polish minister of industry, said that the government had agreed to compensate GM for the high unit costs of the initial low volume car assembly, possibly through a reduction of the vehicle excise tax rate.

● In west Europe, Opel, GM's German subsidiary, said it was planning to cut 1,700 jobs by the end of the year at its plants at Bochum, Kaiserslautern and Rüsselsheim in response to the sharp fall in west European new car sales. At the end of March the company had 52,400 employees.

Study criticises US operation in Somalia

By Michael Holman, Africa Editor

OPERATION Restore Hope, the US-led intervention in Somalia last year, has done more harm than good, claims a 60-page report published today.

The document by the London-based African Rights is timed to coincide with the handover today of Washington's leadership of the international force to the United Nations.

The authors say fighting and banditry have become worse in some areas, and claim aid workers are unanimous in describing the security situation as having deteriorated since western intervention.

The report maintains that the overall food supply problem had been overcome as early as October 1992, before the US troops landed.

Over-supply of food has damaged the agricultural sector, says the report.

Efforts at disarmament of rival factions have been "sporadic and half-hearted", and both the UN and the US have

failed in the peace process by giving warlords an "unwarranted legitimacy" and not consulting a cross-section of civil society.

The highly critical analysis is by Ms Rakiya Omar and Mr Alex de Wael, co-founders of African Rights. The small, UK-charity funded organisation was formed last December after they resigned from Africa Watch, part of a US-based international network of human rights monitors.

The experience of the authors in Somalia and elsewhere in Africa will give weight to their analysis. Their judgment is also likely to be backed by several of the charities working in Somalia.

The report calls for a UN commission of inquiry into the operation, disarmament of warlords, and greater attention to long-term economic rehabilitation and the peace process.

Operation Restore Hope: A preliminary assessment; African Rights, 11 Morsholse Road, London SE1 1EP. Tel 071-403 3393 Fax 071-403 4023

'Last chance' talks for Bosnia Serbs

By Robert Mauthner, Diplomatic Editor

BOSNIA'S Serbs will come under intense pressure at the week-end to accept an internationally-brokered peace plan for Bosnia when they meet leaders of the other warring factions and the presidents of Serbia, Montenegro and Croatia at a two-day summit in Athens.

The "last chance" summit has been called by Mr Cyrus Vance and Lord Owen, the United Nations and European Community mediators, amid urgent consultations by the US, its European allies and Russia on the kind of military measures that can be taken to persuade the Bosnian Serbs to endorse the Vance-Owen plan.

Mr Warren Christopher, the US secretary of state, is due in London tomorrow or Monday for talks with Mr John Major, and Mr Douglas Hurd, the UK foreign secretary, which are expected to review all the possible options for further action in Bosnia.

With both Britain and France strongly opposed to the selective lifting of the arms embargo on the former Yugoslavia to help the Moslems, it is probable that the talks will concentrate on the feasibility of air strikes against Bosnian Serb supply routes.

Following his talks in London, Mr Christopher is scheduled to fly to Moscow on Tuesday, where he will meet President Boris Yeltsin and Mr Andrei Kozyrev, the foreign minister, in a bid to enlist their support for military measures which Moscow has always been reluctant to approve.

However, Mr Christopher's task will be made somewhat easier by Mr Yeltsin's recent victory in the Russian referendum, which has weakened the influence of pro-Serbian hardliners in the Russian parliament.

"We are very satisfied with our co-operation with the US," Mr Vitaly Churkin, the Russian deputy foreign minister, said yesterday. "I think we will continue to look for joint decisions."

Military action and the continued implementation of tougher sanctions, which formally came into effect earlier this week, can be pre-empted by an agreement between the



A Bosnian Serb soldier helps a comrade wounded by Moslem snipers outside Lopare, 50km from the Moslem-controlled town of Tuzla

warring factions in Athens. Mr Vance and Lord Owen firmly believe that President Slobodan Milosevic of Serbia holds the key to a solution of the one-year-long conflict in Bosnia.

"We know that the Bosnian Serb fighting forces are fuelled by Yugoslavia," Lord Owen said in a radio interview yesterday.

Yet the mediators nevertheless appear confident that Mr Milosevic, who tried hard to persuade the Bosnian Serbs to accept the Vance-Owen plan last week, will continue to

exert the same kind of pressure on them in Athens.

"President Milosevic has decided this is the best settlement he can get. And he has told them (the Bosnian Serbs) straight he is not going to have the whole of Yugoslavia's economy, livelihood, and even safety, put at risk any longer for the Bosnian Serbs," Lord Owen said.

"Milosevic has a very heavy responsibility to bear for what has happened over the last two years. But he is not an ideologue. He is a pragmatist...I think he has made a pragmatic

choice. He is not going to confront the international community."

Lord Owen's optimism appeared to be backed up by remarks by Mr Radovan Karadzic, the Bosnian Serb leader, who told reporters in his stronghold of Pale, near Sarajevo, he believed that enough progress could be made in Athens to enable his "parliament" to accept the peace plan at its meeting on May 5. But he stressed that he did not expect to sign the plan during the week-end summit.

Mr Borrelli said he thought it would be possible to indict Mr Craxi "within a few months" on the allegations so far sent to parliament.

In a broad discussion on the state of the corruption investigations in Milan, he estimated magistrates had so far uncovered "between 30 per cent and 40 per cent" of abuses.

Mr Borrelli stressed that, although the initiative for paying kickbacks on contracts - had often come from politicians, businessmen had frequently been willing parties in what was seen as a "reciprocally" beneficial relationship.

However, he distinguished between businessmen who, often compelled to pay bribes to survive, and larger companies with a much greater "capacity for resistance".

Mr Borrelli strongly denied claims that magistrates had granted managers of Fiat, Italy's biggest private company, special treatment. Lawyers for Mr Gabriele Cagliari, the former chairman of the Eni energy and chemicals group, and Mr Giuseppe Ciarrapico, a prominent Rome businessman, have accused the judges of having reached a secret understanding with Fiat.

According to the lawyers, Fiat executives under investigation had been allowed to return to their homes while their clients remained in jail.

This week, four senior Fiat executives, against whom caution warrants had been issued, returned to Italy from "business" trips abroad. All but one including Mr Giorgio Garuzzo, Fiat's chief operating officer, were granted house arrest without being jailed.

Mr Borrelli welcomed the more co-operative attitude shown this month by Mr Cesare Romiti, Fiat's managing director, in the past fortnight. Mr Romiti has appeared twice before the magistrates voluntarily, delivering a lengthy document on Fiat's involvement in political corruption.

Explaining Fiat's change of heart, Mr Borrelli said: "They probably hoped this investigation would have the same effect of other inquiries of its kind in the past". Had the company changed tack earlier, "they might have saved some people a few days in jail".

Last year, Mr Enzo Papi, then a senior executive at Fiat's Cogefar-Imperial construction subsidiary, spent a lengthy period in Milan's San Vittore prison before collaborating with investigators. His incarceration was followed by other Fiat bosses, notably its chief financial officer, Mr Francesco Paolo Mattioli.

"The treatment given to the top management of the company is just the same as in other cases," Mr Borrelli claimed. Rather than "negotiating," he said magistrates had been approached unexpectedly by Fiat's lawyers, who informed them Mr Romiti was prepared to come forward.

Italians vow to end Craxi immunity

By Haig Simonian in Milan

ITALIAN magistrates yesterday pledged to fight parliament's decision not to lift the immunity of Mr Bettino Craxi, the former Socialist leader, amid protests and demonstrations in Milan and Rome.

Mr Francesco Saverio Borrelli, Milan's chief public prosecutor, who has led the investigations into political corruption, said his team was prepared to appeal against the decision by MPs to approve only two of the six requests to lift Mr Craxi's immunity.

An appeal to the constitutional court to overturn the decision would be unprecedented and mark a further escalation in a conflict of interests emerging between parliament and the judiciary.

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Tears and cheers as Arab deportees go home

By James Whittington in Jerusalem

OUTSIDE the Palestinian Embassy in Amman, Abdul Jawad Saleh waited with tears in his eyes. After 20 years of exile, he, along with 14 other Palestinian deportees, blinked in the morning sun as their luggage was packed on a conveyer of buses bound for the occupied territories.

Cheered on by their families who sang Palestinian folk songs and waved the national flag, Mr Saleh, once the mayor of Al Bireh in the West Bank, said he could not believe that he was finally allowed to go home. "This is a re-birth, a resurrection for me. Every day since 1973 I have dreamed of this," he said.

The group is the first instalment of 30 Palestinians who the Israelis have agreed to allow back into the occupied territories.

Nasser Hanna, president of Bir Zeit University in the West Bank, who was expelled to southern Lebanon in 1974, described their return as "a victory for world opinion. This gives legitimacy for the full return of all Palestinians," he said.

On the other side of Allenby bridge connecting Jordan to the West Bank, thousands of Palestinians gathered on the streets to greet the returnees. The Israeli army looked on from a distance.

After many hours the deportees cleared customs. People clambered onto buses waving posters of Yasser Arafat, chairman of the Palestine Liberation Organisation, and songs and festivities filled the air.

The move is Israel's first concession to the Palestinians since the Middle East peace process began 18 months ago. Most of the returnees were community leaders deported after the 1967 war for "political activities". Firebrands and radicals in their time, many are now retired professionals in their late fifties and older. In the Palestinian political spectrum of the 1990s they are all mainstream PLO supporters and firmly in favour of the peace talks.

A number of Palestinians were careful to play down the importance of the Israeli decision. Mr Saleh's son Nasser said: "It is a good step but it doesn't mean anything overall. Palestinians are still being shot and we want to see some real results regarding our land."

More than 1,400 Palestinians have been deported from the occupied territories since 1967. Agreement on the return of 30 represents a minor victory for the PLO which is desperate to regain credibility after two years of fruitless negotiations.

Yeltsin urged to speed reforms

By Leyla Boulton in Moscow

MR Boris Fyodorov, Russia's radical finance minister, said yesterday the west should put pressure on President Boris Yeltsin to pursue rapid market reform following his referendum victory.

He said: "Please urge our president to avail himself of the situation and take faster steps to a market economy. It is not clear in me that the president is using the advantage afforded by the referendum."

Mr Fyodorov was speaking after Mr Yeltsin appointed an old-style industrial manager, Mr Oleg Soskovets, as first deputy prime minister, instead of boosting the reformist camp in a divided government.

He said supporters of radical reform like himself and the privatisation minister, Mr Anatoly Chubais, were urging the Russian leader "to take decisive steps now because there won't be a second chance."

Mr Fyodorov, who has been instrumental in attracting pledges of large-scale western assistance to underpin his economic reform programme, also said it was essential to replace the chairman of the central bank, Mr Viktor Geraschenko, whom he accuses of hindering reforms.

He suggested the return to the government of radicals like Mr Yegor Gaidar, the former prime minister, whose unpopular policies had been "endorsed by the people" in Sunday's referendum.

Some supporters of radical reform claim that Mr Yeltsin will still take steps to boost reformers in the government, but others saw the appointment of Mr Soskovets, following that of conservative Mr Oleg Lobov as another first deputy prime minister, as a bad omen.

In the mould of Mr Viktor Chernomyrdin, the prime minister who used to manage the Soviet gas industry, Mr Soskovets

was described by a Russian management consultant as belonging to the "old generation of managers who try to combine old-style management with new ideas".

Meanwhile the Russian parliament continued its witch-hunt of Yeltsin supporters in the media and tried to make a deal with the president on a new constitution.

The parliament asked Mr Yeltsin to reconsider his plan to bypass parliament and get a new constitution adopted by a constituent assembly.

Parliament's leadership offered Mr Yeltsin a deal whereby he would dilute his draft constitution to give less power to the president, and deputies would approve a compromise version in November. Mr Yeltsin has instead proposed that a constituent assembly be set up next month to approve a new constitution giving the president sweeping powers.

Mr Kuchma said Ukraine hoped to obtain from the International Monetary Fund by the end of June. An IMF mission is expected in Kiev in mid-May for negotiations on this so-called transitional facility, which could pave the way for further assistance from the World Bank later in the year.

Although lower-than-normal conditions would be attached, Ukraine will not qualify unless the government can demonstrate the will and the means to curb spending. In April the country moved close to hyperinflation, with prices rising at nearly 50 per cent a month, said western economists.

Ukraine may face an additional problem in obtaining western assistance: rising American and Russian anger over its tardiness in ratifying nuclear disarmament treaties. In yesterday's interview, Mr Kuchma, recently appointed chief negotiator with Russia on the issue, said mounting western pressure was helping to turn this into a problem by fuelling pro-nuclear sentiment in the Ukrainian parliament.

"Even the kindest, gentlest man, if pressed and pressed and pressed, will want in hite back," he said.

Ukraine PM seeks more power

By Christia Freeland and Andrew Gowers in Kiev

MR Leonid Kuchma, Ukraine's prime minister, said yesterday he wants to introduce a state of emergency to override opposition to his economic reforms and step up the fight against inflation.

He said he would this month ask parliament to extend the special powers under which he has been running the economy for six months. "What we need is to introduce a state of emergency. This could be used to push ahead rapidly with demonopolisation in various sectors," he said.

In particular, he said: ● Parliament, which has been stalling the government's reforms, should no longer have a veto over economic measures.

● The National Bank, which in March prompted a 50 per cent drop in value of the Ukrainian currency by issuing a massive tranche of subsidised credits to state industry and agriculture, should be brought under direct government control.

● The government should take charge of the State Property Fund, the privatisation body which has recently been criticised for its slow progress.

It is not clear whether Mr Kuchma will secure the extra powers he is demanding. There have been recent signs that the other two Ukrainian leaders, President Leonid Kravchuk and parliament chairman Ivan Plushch, are willing to back the prime minister. An increasingly fractious parliament, however, may refuse to renew any special powers at all when they expire at the end of May - in which event, Mr Kuchma said, he would resign.

The prime minister said decisive action was needed in the face of a worsening payments crisis and intensifying inflationary pressures. Increases in the cost of Ukraine's fuel imports from Russia would force another sharp increase in prices and wages this month, he added. Ukrainian officials say the rise could be as much as 30-fold.

Tighter control over credit and the budget deficit are also essential if Ukraine is to qualify for a \$250m (£162m) loan which Mr Kuchma said Ukraine hoped to obtain from the International Monetary Fund by the end of June. An IMF mission is expected in Kiev in mid-May for negotiations on this so-called transitional facility, which could pave the way for further assistance from the World Bank later in the year.

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Dublin seeks audits of building society chiefs

By Tim Coome in Dublin

THE Irish central bank yesterday ordered all building societies operating in the republic to produce audited reports detailing directors' interests and transactions made by them.

The order follows the dismissal of the chief of one building society earlier this week and local press reports alleging large insurance commission fees being paid to the director of another.

The central bank issued a statement yesterday, saying that, on receipt of the reports "the bank will decide whether further action is warranted". It

said it was also considering whether the regulation of building societies could be improved but stressed "that it has no concerns about the financial stability or soundness of any of the societies".

Mr Edmund Farrell, the former chairman of the Irish Permanent Building Society, was dismissed by his board last week for what his successor, Mr John Bourke, said was "abuse of office and betrayal of trust". The board claims Mr Farrell made profits of £700,000 on property transactions between himself and the company. Mr Farrell has claimed that the transactions were approved by the board.

Howard attacks EC environmental policy

By Bronwen Maddox, Environment Correspondent

MR Michael Howard, UK environment secretary, yesterday attacked EC environmental policy for its lack of an "even-handed approach" in enforcing "green" directives.

Speaking in Lucerne to the Environment for Europe Conference, he said the European Commission needed to do more "to ensure proper enforcement". He said the Commission should move away from its "complaints-driven procedure" towards a "more analytical approach to enforcing compliance".

At the moment the Commis-

sion's action against countries for breach of directives is prompted by complaints, often by pressure groups. Countries such as Britain with a high level of public environmental awareness and active pressure groups have complained that they are being disproportionately criticised.

Mr Chris Smith, UK shadow environment secretary, said the speech was a "petulant response to the Commission's welcome decision to proceed with action against the British Government over Orléans Wood". The UK government wants to build a highway through the ancient wood in southeast London.

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Market liberalisation lets investors force policy changes on governments, IMF study says

'Power to defend currencies limited'

By Peter Marsh and George Graham in Washington

INTERNATIONAL investors are being given increased powers by the liberalisation of financial markets to force policy changes on governments, an International Monetary Fund study has concluded.

The report amounts to an admission by the governments of leading industrial nations that they have limited powers to keep their currencies within agreed limits when faced with severe market strains. The study is one of a series of official inquiries into the crisis in the European exchange rate mechanism between last September and early this year.

It concludes that, when faced with heavy selling of their currencies by investors, the ability of governments to influence markets either by currency intervention or by interest rate changes is severely constrained.

The report says: "The discipline exerted by capital markets over government policies is neither infallible nor is it always applied smoothly and consistently. Nevertheless, the markets eventually decide on what are unsustainable situations, and when they do, their size alone increasingly allows them to force adjustments."

The study reflects the tone of another report on the currency turbulence written by Mr Lamberto Dini, deputy governor of the Bank of Italy,

and delivered to finance ministers from leading industrial nations in Washington yesterday.

Although the Dini study contains no specific policy recommendations, it warns that the re-introduction of exchange controls would be highly undesirable, and generally ineffectual.

The best way for a country to avoid pressure on its currency, Mr Dini concluded, is rigorous medium-term policies.

The Dini report underlined that international monetary stability requires close consultation among countries to identify inconsistent policies and encourage policy changes where these are needed.

Ministers welcomed the report yesterday, but some regretted that Mr Dini had not been more positive about the powers of governments to influence the exchange markets by selling and buying currencies.

"The report could perhaps have made more of the effectiveness of intervention when the conditions are right. It is not always the size of the intervention, it is choosing the right moment," said Mr Edmond Alphandery, the French economics minister.

Mr Alphandery said the report showed the need for new prudential regulations for the foreign exchange market, because so much currency trading is carried off banks' balance sheets, but he warned that more needed to be done to strengthen

supervision of non-bank participants in the exchange markets.

The IMF study says that as a result of worldwide financial liberalisation, \$1m trillion (\$649.3bn) a day is swapped among investors on currency markets. This development can lead to up to \$200bn being of investment being switched out of a specific currency within one week.

Faced with such large flows of money, the ability of central banks to use their foreign currency reserves to alter market sentiment is limited.

International Capital Markets: Exchange Rate Management and International Capital Flows. IMF, 700 19th St NW, Washington DC 20431

NEWS IN BRIEF

Patten to plead China's case for trade with US

MR Chris Patten, Hong Kong's governor, left yesterday for a one-week trip to the US, where he will meet President Bill Clinton and press for unconditional renewal of China's most favoured nation status, writes Simon Holberton in Hong Kong.

Mr Patten will also meet senior administration officials and congressional leaders and brief them on his proposals for Hong Kong constitutional development.

The governor will tell US leaders that withdrawal of MFN status could cost Hong Kong 70,000 jobs and lop up to three percentage points off the colony's growth rate.

US personal income up

Personal income in the US in March increased a seasonally adjusted 0.6% from the previous month, the Commerce Department said, AP-DJ reports from Washington. It rose to an adjusted annual \$5.26 trillion (\$3.41 trillion) after rising a revised 0.1% in the previous month to an adjusted \$5.228 trillion.

Meanwhile new factory orders in March fell 1.5% to a seasonally adjusted \$254.53bn.

Romanians rush for bread

Romanians yesterday cleared state shops of bread and other basic foods ahead of swingeing price rises which come into force today, writes Virginia Marsh in Bucharest.

By mid-morning, Bucharest had run out of bread after thousands queued for hours to stock-up before a three-fold price rise caused by the removal of the last remaining subsidies.

Year's jail for Bombay fraud

MR Hiten Dalal, who was accused of defrauding Standard Chartered Bank in the Rs40.24bn (2807m) Bombay securities scandal, was sentenced yesterday to a year's imprisonment, writes R.C. Murthy in Bombay. A special court found him guilty of issuing four bounced cheques for a combined Rs784.5m, part of securities transactions of Standard Chartered, brokered by Mr Dalal.

Swedes turning against EC

A growing number of Swedes are saying "no" to joining the European Community, according to an opinion poll yesterday, Reuter reports from Stockholm.

A survey by the daily Dagens Nyheter and polling institute Temo showed 45 per cent against membership, with 31 per cent in favour. The figures a year ago were 38 and 39 per cent.

Yucatan election to go ahead

Mexico's governing party has agreed to allow scheduled gubernatorial elections in the state of Yucatan to go ahead in November, writes Damian Fraser in Mexico City.

Last week the Yucatan Congress, controlled by Mexico's ruling Institutional Revolutionary party, created a furor by changing the constitution to postpone elections for two years, which would have allowed it to pick an interim governor.

Yemeni ruling party in poll lead

President Ali Abdullah Saleh's ruling party enjoyed a healthy lead yesterday in united Yemen's first multi-party elections despite tough competition from an opposition Islamic group, Reuter reports from Sanaa. Results from 284 of the 301 constituencies gave Saleh's General People's Congress 120 seats - short of an overall majority but more than double its nearest challenger.

Public deficits 'stifling growth initiatives'

By Christopher Parkes in Frankfurt

THE world's public sector finances are in no state to support collaborative efforts to promote economic growth, Mr Oskar Issing, a senior Bundesbank director, said yesterday.

The rhetoric might appeal to the media, but strategies such as the European Community's growth initiative, agreed at the Edinburgh summit last December, led all too easily to "loose money policies" - mainly with borrowed funds, he told a private meeting in Frankfurt.

A new "programmes era" appeared to have dawned, with worldwide calls for joint initiatives. The European project, for example, proposed the application of "all available" budget policy measures, a European investment fund and new loan facilities for the European Investment Bank.

But if expansive fiscal policies were capable of promoting sustained growth, the question had to be asked why this way was still not being resolutely pursued, Mr Issing said.

"The sobering answer is to be found in the lamentable state of public finances."

Budget imbalances had worsened last year, partly because opportunities for consolidation during better times had not been taken, he claimed.

Average EC deficits and debt ratios increased to 5.5 per cent and 63 per cent respectively of gross domestic product in 1992. New peaks would be reached this year when, apart from Luxembourg, all member states would be further than ever from meeting the convergence criteria laid down for economic and monetary union.

To avoid possible misunderstandings, Mr Issing said he was not against policies directed at common interests. However, he wanted to warn against "high expectations and illusions."

In a renewed defence of the Bundesbank's much-criticised strategy, he also warned against using interest rates and monetary policy as political instruments to rouse flagging economies.

Referring indirectly to frequent reminders offered to the Bundesbank that it had an overall economic responsibility and that interest rate cuts were needed to promote growth, he said that the more lending rates were used as political instruments, the more stability suffered.

"More liquidity instead of more capital would enter circulation." In the end, monetary policy would have fulfilled its intended role but finance and pay policy would probably have not, Mr Issing claimed.

In a thinly-veiled warning to his German audience, he said those who set most store by stable money would suffer most. Monetary policy would lose its credibility and a core economic asset would have been gambled away.

After three recent reductions, Bundesbank policy-makers are rapidly using up their room for manoeuvre on official interest rates, and are tending increasingly in speeches and policy statements to turn up the pressure on government and pay negotiators.

Clinton pledge on Uruguay Round

By Peter Norman in Washington

THE US has pledged extra efforts to unblock the stalled Uruguay Round of trade liberalisation talks, raising hopes it can be completed this year.

At a reception for the finance ministers of the Group of Seven Countries, President Bill Clinton said the US was ready to take "exceptional actions" to bring about an agreement.

The G7 finance ministers agreed on Thursday that a further opening of the international trading system was indispensable for maximising

world growth. In their communiqué, they stressed that "protectionism retards growth and must be resisted."

The G7 finance ministers will now put pressure on their respective governments to strengthen progress on the Uruguay Round in the hope that this year's G7 summit in Tokyo in July can give it decisive impetus.

Mr Don Mazankowski, the Canadian finance minister, said yesterday: "There is no single solitary thing we could do that would do more for the global economy and global growth than the completion of the Uruguay Round."

IFC seeking Russian ventures

By Peter Norman

THE International Finance Corporation will move aggressively to find investment opportunities in Russia in partnership with foreign companies, Sir William Rylie, the IFC's executive vice president, said yesterday.

Although Russia's present economic crisis and high inflation was a big deterrent to foreign investment, Sir William said, the medium to long-term potential for foreign investment was very large.

Russia joined the IFC two weeks ago, opening up the possibility of direct investment in

the country by the corporation. The IFC, which is the member of the World Bank group charged with promoting private investment in developing and former communist countries, is likely to focus its attention first on the oil and gas industries, the hotel business and telecommunications.

The IFC has been active in promoting privatisation in Russia since late 1991. It pioneered the privatisation of small-scale enterprises and transport services in the Nizhny Novgorod region and is now helping Russia to sell off medium-sized and big enterprises.

Lamont suggests IMF sell its gold

By Peter Norman

MR Norman Lamont, the UK chancellor of the exchequer, yesterday proposed that the International Monetary Fund should sell some of its gold to help finance IMF assistance for the poorest developing nations.

In his speech to the IMF's policy-making Interim Committee, Mr Lamont said he "would not rule out some modest sales of IMF gold to fund at least part of a successor to the IMF's extended structural adjustment facility (ESAF)" which provides funds at token interest rates to poor develop-

ing nations carrying out economic reforms.

The ESAF totals \$6bn (\$3.8bn) special drawing rights and is due to expire in November this year. The industrialised countries that provide the fund have so far been unable to agree on how to finance a successor, largely because of the budgetary constraints in most of them.

The IMF sold gold in 1976 to set up a trust fund that was a precursor of ESAF and also provided finance for developing countries.

However, the present management of the IMF has been hostile to further gold sales.

Disappointing outlook for jobs in Japan

By Charles Leadbeater in Tokyo

THE Japanese labour market is as weak as it was during the mid-1980s recession, according to official employment figures published yesterday. They suggest that any recovery in Japanese consumer spending this year will be modest.

The average monthly wage in the year to the end of March rose by 1.4 per cent, the lowest growth since 1970, according to the Labour Ministry. Real wages did not grow at all, the ministry said. Fixed wages rose by 3.4 per cent a month, to ¥265,915 (\$1,570), while non-fixed payments such as overtime fell by 10.8 per cent to ¥23,336.

Employment rose by less than 0.1 per cent in March compared with a year before, after a 0.4 per cent decline in February. The job offers to job applicants ratio fell to 0.88. That means there are just 88 job offers for every 100 people officially seeking work.

Mr Geoffrey Barker, economist at Baring Securities said: "This is the weakest level of labour demand since the strong yen crisis of 1985 to 1986."

Female employment fell by 0.7 per cent in March, while male employment rose by 0.5 per cent. Many women workers who leave work do not register for official unemployment benefits.

Partly as a result the Japanese unemployment rate was unchanged last month, at 2.3 per cent.

The weakening of the labour market, combined with the recent strengthening of the yen against the dollar, is likely to further depress Japanese inflation.

Inflation in Tokyo, which is a leading indicator of national trends, rose by only 0.1 percentage points last month, an annual rate of 1.3 per cent.

Import prices fell for 19 of 40 products surveyed by the Economic Planning Agency in April, up from 10 in March.

Keating backs Miyazawa on trade

By Kevin Brown in Canberra

AUSTRALIA yesterday expressed strong support for Japan's rejection of President Bill Clinton's call for a "managed trade" regime to help reduce the US trade deficit with Japan.

During talks in Canberra, Mr Paul Keating, the Australian prime minister, told Mr Kiichi Miyazawa, the Japanese premier, that Australia was "concerned" by the US proposal, which was rejected by Mr Miyazawa this month.

Mr Keating told Mr Miyazawa that he admired his "forthright and strong" opposition to the US proposals, which Mr Clinton believes would reduce the trade deficit by setting targets for certain sectors.

Australian officials said the two prime ministers agreed to oppose managed trade, which Mr Keating fears would damage trade between Japan and third countries.

Japanese officials said the talks made clear that Australia and Japan shared a common view on managed trade. However, Mr Miyazawa said later that there was no need for the two countries to "get together to oppose the US".

"I don't think the US will exercise managed trade. I told President Clinton it would not be practical or good. All the countries in the Pacific are against managed trade," he said.

The talks, which follow a visit to Japan by Mr Keating in September, confirmed earlier indications that Canberra is emerging as a close ally of Tokyo, especially on trade issues.

Mr Miyazawa said the talks marked "a new era" in relations with Australia, which he described as "an invaluable friend". Australia is one of the few countries to run a significant trade surplus with Japan.

The only difficult moment in the talks appears to have come when Mr Keating raised the sensitive issue of Japan's closed rice market, which Australian farmers want to see opened to imports.

Mr Miyazawa gave no ground on allowing foreign rice imports, but Australian



Japanese Premier Miyazawa inspects a guard of honour at his ceremonial welcome to Australia in Canberra yesterday

officials said he indicated that Japan was considering other market access initiatives in an attempt to stimulate agreement in the Uruguay Round talks on GATT.

"Japan is determined to strike a positive stance on the problem of access to the market," he said after the talks.

Mr Miyazawa also said he supported suggestions by Mr Keating that the 15-country

Asia Pacific Economic Co-operation Process (Apec) could be strengthened to encourage liberal trading in the region.

Mr Keating has called for solid progress at Apec's next ministerial meeting in Seattle in November and urged a framework for harmonising trade and investment rules and resolving trade disputes between members.

Golfing indicator puts economy in a fair way

Robert Thomson charts the club membership index

THERE is a hint of recovery in money supply growth, and stock prices have risen in recent weeks, but the most positive indication that Japan is finally out of the bunker of recession is a sudden upswing in the Nikkei Golf Membership Index.

Golf club memberships had promised the perfect balance for Japanese investors, who were able to watch their membership certificates appreciate rapidly in the late 1980s, the "bubble era", and be assured of a round of golf on the country's overcrowded courses.

The bubble collapsed, and membership prices dropped 64 per cent in three years, a particularly nasty fall for about half the certificate holders who never bothered to play golf and saw the investment as a valuable means of diversifying their government bond and stock portfolios.

However, in the past two weeks, the Nikkei Golf index has risen just over 4 per cent, and the membership brokers who run the active secondary market in certificates are confident that punters will be rushing back to the course in the hope of making a quick profit.

More important, the golf index, an aggregate of memberships at 500 leading clubs, is regarded as a leading indicator of the property market. Mr Paul Heaton, financial specialist at Smith New Court, said

trading in the certificates was a "very useful guide" to the real economy.

"The Japanese property market is extremely illiquid, whereas these certificates are very liquid instruments. The recovery of prices is a good reflection of the remarkable change in economic confidence over the past few weeks," Mr Heaton said.

But the reputation of golf certificates has been tainted by scandal. Owners of the Ibaraki Country Club, near Tokyo, sold 60,000 memberships instead of the promised 1,830, undermining the market, while several brokers have gone bust, and police have found that some greenkeepers are gangsters in disguise.

In the hope of encouraging stock market prices, the Finance Ministry has restricted new listings, but about 350 golf courses are under construction and these "new listings", equal to about 20 per cent of the current total, could overwhelm investor demand. One hope for the 190 brokers is that interest rates have fallen far enough to prompt investors to look for better returns on their money.

Mr Hideo Hayashi, general manager of Shinwa Golf Services, a leading broker, said the market had definitely hit bottom, and investors had started buying. But he is con-

cerned that Japanese banks have lost their fondness for the certificates, which have added to their bad loan burdens.

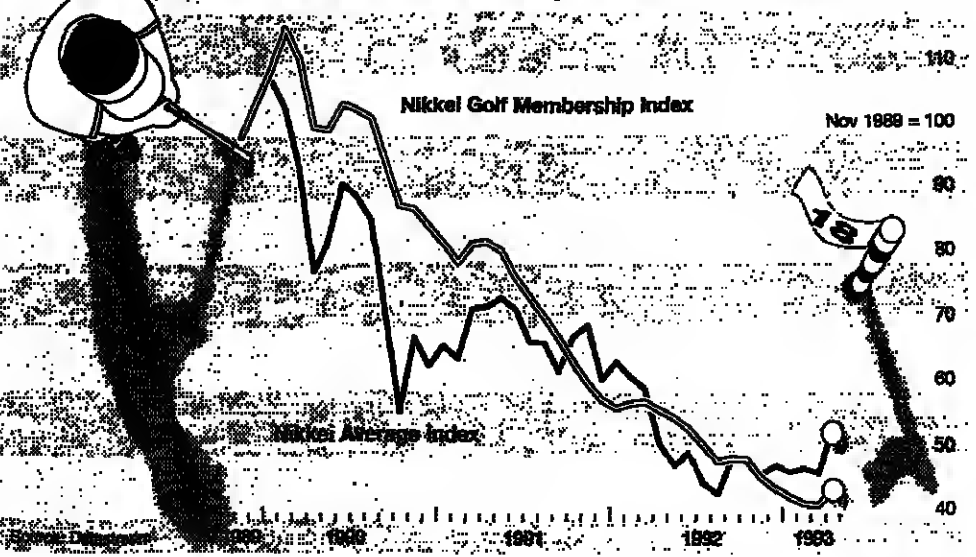
Japanese banks consistently argue that they provided funds to no more than 70 per cent of a certificate's value, but it is clear that institutions were lending at far higher levels in the late 1980s. Given that prices at some clubs have fallen by as much as 80 per cent, these banks are hoping that younger Japanese or, perhaps, their own staff quickly develop a passion for the game.

A membership certificate, now selling for an average ¥20m (\$17,500), had a certain sacredness in Japan because it entitled the holder to claim a share of the club, in theory, a small patch of green on the fairway or, sometimes, an unwanted place in the financial rough.

Clubs encouraged members to feel rich, an important attraction for Japanese who do not feel they are wealthy in spite of the country's impressive GNP figures. But clubs which promised the most prestige have brought some of the greatest disappointment.

The Gentry Hills Golf Club collapsed, leaving members to fight court battles over ownership. Membership prices at the Classic Golf Club have fallen by 78 per cent, and the Gatsby Golf Club issued 15 times more memberships than promised.

The Nikkei Golf Membership Index: out of the bunker



Brown redirects Labour's economic strategy

By Philip Stephens,
Political Editor

MR GORDON Brown, the shadow chancellor, yesterday started the task of producing a credible opposition economic strategy with the completion of a lengthy policy document underlining Labour's break with public ownership, spending and tax levels.

The document, sent to the party's new policy-making forum for discussion before

this year's party conference, eschews traditional ideology in favour of improving the economy's productive potential.

Its ambition is to present Labour's economic strategy as the ally of the individual by arguing that government-backed investment in training and industry is a prerequisite for individual advancement.

Mr Brown, launching the new policies in Corby, Northamptonshire, said the proposals were "grounded in a philosophy in which a strong and prosperous community advances individual opportunity and ensures investment in our future."

The document adds: "Instead of the old battle between public and private sectors, it is our objective to mobilise the energies of both."

But the shadow chancellor adheres to the central principle that "responsible government intervention" is essential to sustained growth and

high employment levels. Entitled Labour's New Approach, the document says its starting point is a recognition that Britain's problems cannot be solved by the application of crude free-market economics.

It adds that the emphasis of the Conservatives on inflation control as the sole objective of macro-economic policy must be replaced by a strategy embracing sustainable growth, a manageable balance of payments

and high employment levels as well as low inflation.

Mr Brown identifies individual skills as the most important ingredient of industrial competitiveness in the 1990s. The government's role is to ensure that individuals have the training to reach their potential and to improve the economy's productive capacity. He advocates public/private sector partnerships in rebuilding the nation's infrastructure and in developing regional and

industrial strategies. He suggests the establishment of a network of regional development agencies and banks, tax and social security incentives for skills training and penalties for "entrenched interests" that limit opportunity and choice.

This group is said to include banks offering poor service, the Tory financial establishment, privatised monopolies which overcharge and irresponsible employers who neglect training.

The document carefully omits specific spending pledges but hints how a future Labour government would finance its proposed investment in education and training, infrastructure and industrial investment by suggesting a restructuring of the national accounts.

Government investment would be separated in the accounts from spending and borrowing needed to pay for current expenditure and the servicing of past debts.

Palace tours 'priced too low'

By Gary Mead,
Marketing Correspondent

OFFICIALS at Buckingham Palace have made a marketing blunder by pricing its entrance charge at 35 when the market would sustain almost twice that, says the English Tourist Board.

Mr Mike Richardson, the board's marketing director, said: "It's drastically underpriced. They should be charging £35 for adults. This is going to be a bonanza and also a field day for ticket touts, because at £8 there will be room for margins."

Buckingham Palace announced on Thursday that it would open to the public for the first time, for eight weeks from the second half of August each year until the end of 1997. Tourist industry executives said they expected the scheme would prove so successful that it would continue indefinitely.

Mr Richardson added: "There are millions of people out there who want a slice of the royal family and this is the only way they can get it. They must have been scared about accusations of ripping the public off. But they needn't be worried about that because the public will want to pay a premium for the best."

The tourist industry estimated yesterday that the palace's maximum capacity per day would be 10,000 visitors, giving a possible total of 600,000 this year.

A number of important technical aspects - such as whether there will be advance tickets or if people will be expected to queue - were still unclear yesterday, though the palace had set up an information line for inquiries.

Yesterday the palace declined to comment on any aspect of its marketing policy concerning London's latest tourist attraction.

It said Thursday's announcement "was the beginning and now everything will be gone through in detail to be ready for opening in the second week of August". Buckingham Palace announced yesterday that Saturday August 7 will be the first day the general public will be allowed to visit.

BA crew on 24-hour strike

By Diane Summers,
Labour Staff

PASSENGERS flying British Airways from London Gatwick were warned yesterday to expect disruption over the holiday weekend after airline cabin crew voted to stage a 24-hour strike from midnight tonight.

The strike has been called by the TGWU general union following a vote in favour of action by cabin staff protesting at plans to transfer some BA routes to a subsidiary company set up after the flag carrier took over Dan Air in October last year.

As part of BA's plan to cut costs on the loss-making routes the subsidiary carrier will pay lower wages to newly-recruited staff, BA said existing staff who transferred to the subsidiary would not have their pay cut.

The flights that could be delayed or cancelled are to Geneva, Faro, Naples, Genoa, Bordeaux, Malaga, Frankfurt, Copenhagen, Bergamo and Madrid. BA advised passengers to telephone the airline for news and said it hoped to get people away on other services.

Although cabin staff voted by 175 to 35 to take industrial action, domestic flights, long-haul journeys and flights from Heathrow would not be affected, according to BA.

the company to "call off its provocative plan to impose this measure on a loyal group of dedicated professionals".

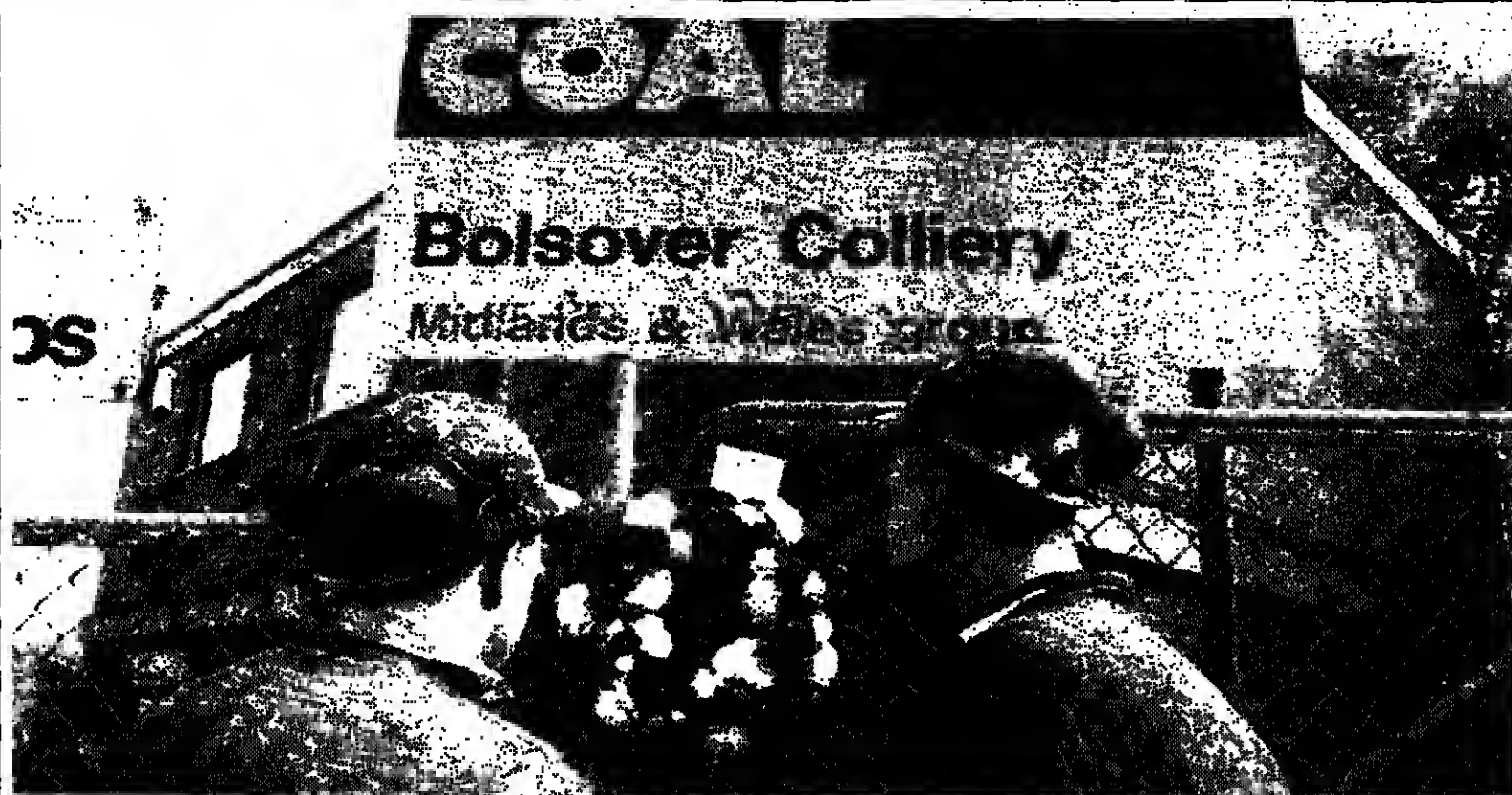
BA said yesterday: "We are very disappointed that the action disrupts the travel plans of the very people whose business will save jobs at Gatwick. Only by encouraging more passengers on to our short-haul services can we get our Gatwick operations into profit and protect employment."

The TGWU is also balloting 18,000 British Airways ground staff, clerical workers and cabin crew on industrial action over contracting out of services and the setting up of subsidiary companies operating under allegedly worse conditions. The ballot result is expected at the end of the month.

● The British Airways board yesterday gave its public backing to Sir Colin Marshall, the airline's chairman, and Mr Robert Ayling, its managing director, following demands by Virgin Atlantic Airways that they should resign.

Mr Richard Branson, Virgin's chairman, challenged the two to resign earlier this week after renewed allegations in a television documentary that they had been aware of their airline's "dirty tricks" campaign against Virgin.

Mr Branson also urged BA's non-executive directors to intervene to avoid a further costly legal battle. BA directors said yesterday that they did not question the integrity of Sir Colin and Mr Ayling or any other member of the board.



Miners mark the closure of Bolsover pit in Derbyshire, which, along with four other mines, yesterday ceased production. British Coal is to offer them for sale or lease. The pits, which had more than 2,000 workers, are the first of 20 to be offered to the private sector. The NUM said it would continue to fight the closures.

More teachers vote to boycott testing

By John Willman,
Public Policy Editor

PRESSURE ON the government to suspend school testing mounted yesterday with the announcement that members of a second teachers union have voted overwhelmingly to boycott the tests.

The normally moderate Association of Teachers and Lecturers announced that its members in schools voted by

an 82.7 per cent majority to boycott testing in connection with the national curriculum. The turnout was 57 per cent.

The National Association of Schoolmasters/Union of Women Teachers is already boycotting the tests, after members voted 88 per cent in favour of action. The largest union, the National Union of Teachers, is also consulting members on a boycott in a ballot which ends on 10 May.

Mr Peter Smith, the ATL's general secretary, urged the government not to ignore the result. "The ATL is not known as a trigger-happy union when it comes to industrial action. The concern shown by our members is probably a litmus paper test for the feelings on this issue among teachers."

The ATL vote led to renewed calls on the government to suspend the testing for this year, until the completion of the

review of the national curriculum tests under Sir Ron Dearing, chairman of the new School Curriculum and Assessment Authority.

Mr David Hart of the National Association of Head Teachers said the ATL vote "virtually guarantees" that every school in the country would be affected by boycotts.

Mr John Patten, education secretary, refused to comment on the ballot result. An Education Department spokesman said the vote was not in the interests of pupils, parents or teachers.

● Sir Ron Dearing yesterday set out his programme for reviewing the national curriculum and testing procedures in schools, including a survey of 1,400 schools and 200 bodies representing teachers, parents, governors and employers in May and June.

12 hour period ending	Price	Price	Price	Price
12 hour period ending	Price	Price	Price	Price
0000	20.30	18.00	18.00	18.00
0100	20.30	17.00	17.00	17.00
0200	20.30	16.00	16.00	16.00
0300	20.30	15.00	15.00	15.00
0400	20.30	14.00	14.00	14.00
0500	20.30	13.00	13.00	13.00
0600	20.30	12.00	12.00	12.00
0700	20.30	11.00	11.00	11.00
0800	20.30	10.00	10.00	10.00
0900	20.30	9.00	9.00	9.00
1000	20.30	8.00	8.00	8.00
1100	20.30	7.00	7.00	7.00
1200	20.30	6.00	6.00	6.00
1300	20.30	5.00	5.00	5.00
1400	20.30	4.00	4.00	4.00
1500	20.30	3.00	3.00	3.00
1600	20.30	2.00	2.00	2.00
1700	20.30	1.00	1.00	1.00
1800	20.30	0.00	0.00	0.00
1900	20.30	0.00	0.00	0.00
2000	20.30	0.00	0.00	0.00
2100	20.30	0.00	0.00	0.00
2200	20.30	0.00	0.00	0.00
2300	20.30	0.00	0.00	0.00
2400	20.30	0.00	0.00	0.00

Fall in unsold empty homes

By Andrew Taylor,
Construction Correspondent

THE NUMBER of unsold empty homes, inhibiting a revival of the housing market, has fallen by a third since the beginning of last year, stockbrokers UBS said.

A report published yesterday by Mr John Wriglesworth, the broker's housing market analyst, estimated that the number of empty properties had fallen from 225,000 to 150,000.

He forecast that house sales would rise 20 per cent this year, reducing the number of empty properties to 120,000 by the end of the year - a normal stock level in a reasonable market.

Mr Wriglesworth said the rise in sales would not, however, be accompanied by a significant rise in prices this year, due to the overhang of unsold properties on the market and continuing concern over rising unemployment

and the state of the economy.

He forecast that prices would rise 7 per cent next year as buyers became encouraged by more stable house prices, low mortgage rates and slower increases in unemployment.

UBS estimated there were 1.5m UK householders owning homes with values less than the money borrowed to buy them. More than 1.5m of those suffering from negative equity lived in southern England, the broker said.

As a result house prices were expected to rise fastest in the south as the market recovered. Mr Wriglesworth said: "The supply of properties for sale in the south, especially those suitable for first-time buyers, is likely to be more limited, resulting in more pressure for house prices to rise as demand grows."

Unsold properties held by housebuilders fell from 60,000 to 30,000.

Single body for engineers proposed

By Andrew Baxter

BRITAIN'S 42 professional engineering institutions could be merged into a single body in the second half of the 1990s under controversial proposals unveiled yesterday by Sir John Fairclough, chairman of the Engineering Council.

The main recommendation is for a new relationship between the council and the professional institutions to be drawn up at the end of 1993. Institutions would be grouped into colleges, and the steering group formed by Sir John recommends that the council and institutions should produce a proposal by the end of 1995 to move gradually from the new relationship to a single institution.

"We do believe that a single institution would be a logical step to ensure our overall objectives are met," Sir John said. Presidents of the four biggest institutions, while "warmly welcoming" the proposals, said the case for a single engineering institution had yet to be made.

However, Mr Neil Johnson, director-general of the Engineering Employers' Federation, said: "It identifies the main concerns of companies employing engineers, including improving the influence and status of the engineering profession."

Sir John said the profession lacked recognition because it found it hard to speak with a single voice.

Law Society loses first round in legal aid battle

By Robert Rice,
Legal Correspondent

THE LAW Society yesterday lost the first round of its battle with the Lord Chancellor over legal aid.

The solicitors' governing body failed to persuade the High Court to block Lord Mackay's proposals to change the way in which solicitors are paid for criminal legal aid work in magistrates' courts.

The Lord Chancellor's desire for economy had overridden the need to act both lawfully and rationally, it said.

But Lord Justice Leggatt, sitting with Mr Justice McCullough, said once the court was satisfied the Lord Chancellor had not acted illegally and that his decision was not so absurd that it could be said he had

taken leave of his senses, it was "no part of its function to adjudicate on the merits of an administrative scheme".

The judge said it was evident that Lord Mackay had exercised the broad discretion given him by parliament under the 1988 act to introduce the new system and Lord Mackay had taken account of all the factors he was required to.

He suggested that the Law Society might wish to take stock of the wisdom of continuing its challenge. "It might do better to see how the amended scheme works and then press for improvements," he said.

After the hearing Mr John Appleby, chairman of the society's courts and legal services committee, said they would take advice before deciding whether to appeal. "It is now clear the powers the Lord Chancellor was granted under the Legal Aid Act are wider than anyone had previously thought and that he can restrict access to justice simply

by cutting or restricting lawyers' fees," he said.

The society believes the new scheme will overpay some lawyers and underpay others.

Mr Appleby stressed that the society's separate legal challenge to the government's legal aid eligibility cuts was unaffected by yesterday's decision. That case will be heard at the end of May.

● Red Hot Television, the satellite pornography channel, is "more likely to fail than succeed" when it challenges a UK broadcasting ban in the European Court, the Court of Appeal said yesterday.

Giving its reasons for refusing to grant the channel an injunction against the government's decision to impose a ban, the court rejected Red Hot's argument that the High Court judges who originally refused an injunction failed to consider the prospects of success in Europe - one of the factors which affect the granting of such interim injunctions.

Actions of BBC governors attacked

By Alison Smith

A NEW WAY forward for the BBC, putting emphasis on a clearer definition of its role and increasing accountability, was proposed by the Labour party yesterday, as its contribution to the debate on the corporation's future.

The board of governors would be replaced by a board of trustees who would be more independent and representative, and have much less scope to become involved in the day-to-day management of the organisation.

Other suggestions include replacing the corporation's charter with legislation that could be amended by parliament, and adopting a "covenant" setting out the BBC's obligations to licence-fee payers.

The discussion paper, called Putting the citizen at the centre of British broadcasting, is critical of the governors, saying that recently they have been playing "an increasingly active and possibly improper role" in the BBC's management, undermining public confidence in its independence and integrity.

It envisages that the new board of trustees would act as regulators, and make an annual report to parliament. A cross-party committee of MPs could examine potential trustees to see if they were suitable.

The paper emphasises the central issue is that the BBC's independence must be strengthened, and that politicians must not be allowed to control it.

Labour also proposes a new viewers' and listeners' council to provide a more direct voice for licence-fee payers, and take on the roles of the Broadcasting Standards Council and the Broadcasting Complaints Commission.

Ms Ann Clwyd, the shadow national heritage secretary, said: "The BBC must become more open and accountable to the views and interests of its viewers and listeners on whose behalf it operates."

Bank's role examined

By Alison Smith

A CROSS-PARTY group of MPs is to look again at whether the Bank of England should be independent, as part of an extensive inquiry into the Bank's role.

The Treasury select committee's investigation will cover the Bank's relationship with parliament - both in its own right and in the light of the Maastricht treaty - and also

its supervisory activity. Ministers have repeatedly made it clear that they do not support the idea of giving the Bank independence, and the report could provoke a sharp clash between the government and the Tory-dominated committee.

The committee is due to start hearing evidence in about mid-May and the inquiry is expected to last through until the summer recess, probably at the end of July.

Court rules personal-contract 'sweeteners' illegal

By John Mason and Lisa Wood

THE OFFERING of financial incentives to staff by employers to assist the re-recognition of trade unions is a breach of employment law, the Court of Appeal ruled yesterday.

In a judgment with widespread implications for the introduction of personal contracts throughout industry, three judges decided that employers' use of incentives amounted to unlawful discrimination

against an employee's right to belong to a trade union. The judges upheld two appeals by members of the transport union RMT and the National Union of Journalists whose employers, Associated British Ports and Associated Newspapers, publisher of the Daily Mail, had offered pay increases to staff prepared to sign personal contracts but denied them to those who wanted to remain union members.

Lord Justice Dillon said this amounted to a breach of section 23 of the Employment Protection Act 1978, which protects employees' rights to belong to a union. He rejected the employers' argument that if individuals were given a choice, such as accepting a personal contract or remaining in a union, they were not being penalised.

Lord Dillon said the judgment did not affect the right of employers to re-recognition unions or to require changes in employees' terms and conditions.

But employers enter a potential danger area offering a "douceur" (sweetener) to employees who support their policy but not to those opposed to it, he said.

The court's ruling was welcomed by the two unions which had brought the appeals.

Mr John Foster, general secretary of the NUJ, said it amounted to a substantial reassertion of union rights which would have widespread implications for attempts by employers to introduce personal contracts. The NUJ is

presently dealing with a series of similar cases from the newspaper industry.

Mr Paul Statham, a lawyer for RMT, said more union members would be able to seek redress from industrial tribunals if they believed they had been penalised because of their union membership.

It appears certain the issue will go to the House of Lords for a final decision. ABP ruled out a further appeal, but Associated Newspapers seems likely to mount a further challenge.

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City critical of government after bomb

By Andrew Jack

ORGANISATIONS IN the City of London strongly criticised the government following the IRA bomb at Bishopsgate last Saturday, according to an FT/MORI survey.

Only one third said they were either "fairly satisfied" or "very satisfied" with the performance of the government in dealing with the problems caused by the IRA, while 54 per cent were "fairly" or "very dissatisfied".

When asked about reasons for their dissatisfaction most

highlighted a perceived failure by the government to change the political situation in Northern Ireland. "The same stance as 30 years ago has not achieved a result," said one.

One commented: "There seem to be no new initiatives - they always react to everything after it's happened."

Another said: "The problem has to be tackled before bombs get into trucks."

Several called on the government to increase its commitment to finding a solution, suggesting measures such as better intelligence, improved

security and tighter co-ordination. Less than a third had positive comments on the performance of the government following the bombing, while 17 per cent said they rated it "poor" or "very poor".

Fifty-nine per cent were positive about the role of the press.

But the Corporation of London received high praise, with nearly three quarters rating it "very" or "fairly good". The police received positive comments from 80 per cent of organisations, and the Fire Service from nearly half.

Most said the police or the City corporation should co-ordinate greater security between companies in the future.

Eighty-four per cent of organisations supported a greater police presence on the streets of the City to prevent terrorism, 79 per cent wanted the police to have powers to set up road blocks when they felt it necessary and 74 per cent wanted formal co-ordination of security arrangements by organisations in the City.

Just less than three quarters said they already had a formal

contingency plan with which to respond to crises such as a terrorist bomb, of which 26 per cent put the plans into operation after the explosion.

The proportion of organisations with plans fell to two-thirds for organisations with less than 1,000 employees. The highest proportion without plans were investment houses, regulators and accountants.

Most of those with contingency plans had only developed them very recently, with 45 per cent formalised since the bomb at the Baltic

Exchange in April last year. More than a quarter of organisations said that some of their City workforce was unable to work on the Monday after the bombing, with the worst affected being investment houses. Even by Wednesday, 15 per cent of companies said, none of their workforce was working.

Operations were also affected in other ways. Several companies mentioned that they helped others with accommodation and other assistance.

Some had work disrupted because of damage to clients'

or customers' offices. At least two mentioned difficulties in getting access to their buildings after the bombing.

Half of companies already had external security cameras and 48 per cent had toughened glass. Nearly four-fifths had introduced greater controls on entry to their buildings.

Nearly a quarter of companies said they would consider installing cameras following the bombing, 15 per cent a redesign of office accommodation and 19 per cent moving key functions permanently to less vulnerable locations.

Surveyors chart the damage to offices

By Vanessa Houlder, Property Correspondent

THE BRUNT of the disruption from the Bishopsgate bomb was borne by overseas financial institutions, which occupied half the damaged office space, an assessment by chartered surveyors shows.

The bomb damaged 1.6m sq ft of offices, three quarters of which were occupied by banks and financial advisers, the Herring Baker Harris report says.

Professional services and insurance companies were also badly affected, accounting for 14 per cent and 8 per cent of damaged offices, respectively.

The explosion will reduce the vacancy rate in the City from 18.8 per cent to 17 per cent - it had reached unprecedented levels after the recent surge in construction.

The glut of empty City offices will be cut by up to 1m sq ft as a result of demand from displaced tenants and the withdrawal from the market of vacant space that was damaged. A third of the damaged offices were vacant. Another third is expected to be habitable within a month.

More than a quarter of the buildings damaged by last year's IRA bomb were caught up in the latest blast, especially those around Cannon Street.

Much of the affected area was re-developed in the late 1980s. A quarter of the damaged buildings are less than 12 years old.

CITY AND THE BOMB: FT/MORI SURVEY OF SENIOR DIRECTORS AND PARTNERS

■ Before last week did your organisation have a formal contingency plan for dealing with crises such as a terrorist bomb?

Yes 74
No 26

■ To overseas banks: how likely is your organisation to reduce the scale of its operations in London, because of the risk of further bombing?

Very likely 0
Fairly likely 0
Not very likely 77
Not at all likely 83

■ Looking at specific actions which authorities and business might take in the future to counteract terrorist attacks, would you support or oppose each of these?

Support Oppose Don't know

Greater police presence on the streets in the City to prevent terrorism 84 6 10

Private cars excluded from certain areas of the City which may be at high risk 40 49 11

The police given powers to set up road blocks and when they feel it necessary 79 14 7

Business in "high risk" areas to pay an extra premium for terrorist cover 31 51 18

Formal co-ordination of security arrangements by firms in the City 74 16 10

■ WHO WAS POLLED - April 28-30

Accountancy 5 Insurance company 12 Investment House 13 Lawyer 11 Merchant Bank 15 Overseas Bank 12 Regulator 8 Stockbroker 10 Other 17 Under 1,000 73 1,000-14,999 27 15,000 plus 3

■ Approximately what percentage of your workforce directly affected by the bombing was able to work?

Monday Tuesday Wednesday
0% 13 15 15
1% to under 100% 14 8 2
100% 73 79 83

■ Which of the following security measures have your City offices implemented/will now consider introducing?

Greater control of entry to building 78 Will consider 7

Installation of external security cameras 50 24

Install toughened glass 48 13

Redesign of office accommodation, such as curtain/rubber window surrounds 44 15

Secure the area immediately around your building 39 8

Moving key functions permanently to less vulnerable locations 21 19

None of the above 9 46

■ How satisfied are you with the performance of the government in dealing with the problems caused by the IRA? Are you

Very satisfied 2
Fairly satisfied 37
Neither/nor 19
Fairly dissatisfied 28
Very dissatisfied 8
No opinion 14

■ To what extent do you agree with the following view: "If the bombing campaign continues, London will lose its position as Europe's premier financial centre"

Strongly agree 9
Tend to agree 38
Neither agree nor disagree 11
Tend to disagree 19
Strongly disagree 20
Don't know/no opinion 3

■ How would you rate the performance of the following organisations following the recent Bishopsgate bombing?

Good Poor Neither/Don't know

Corporation of London 74 1 25

Fire service 48 0 52

Police service 60 10 30

Government 32 17 51

Media 69 7 34

Security cameras catch the eye

NORTHAMPTON has long been proud of its historic battles, its shoe-making and its cricket. Recently a different kind of reputation has drawn the attention of politicians, senior police officers and business leaders to this Midlands town.

In the wake of last weekend's devastating bomb in the City of London, local officials are finding themselves inundated with inquiries about the town centre's closed-circuit TV surveillance system.

Other towns have them but none on such a concentrated and integrated scale as in Northampton, where 96 cameras linked to a central system cover the main shopping areas and car parks.

Mr Norman Howells, the council's head of finance and operations, said: "The push for this came from the public and the traders. The crime threat was not as great as people imagined, but the public wanted us to install a system that made them feel safer. It was a question of confidence."

All the cameras in the town are linked to a control room housed in an office above the

Jimmy Burns reports on the early success of a surveillance system in Northampton town centre

town's main multi-storey car park. There two operators working eight-hour shifts sit in front of rows of monitors - some split into four, others providing full-screen images.

They can spot and record anything that is going on at any time in all the town's central pedestrian and vehicle routes.

The controllers, employed by Firm Security Group, a private security company, sit at panels controlling camera angles and freezing pictures.

They have a telephone link to the police, and at night the system becomes the responsibility of the local police force, which has another set of monitors in the nearby station.

The visual accuracy and speed of the system in identifying vehicles and individuals is impressive. At about midday on Thursday I watched one monitor capture a truck on screen which had temporarily parked with flashing lights

outside the town's main hotel. After zooming in from a wide-angle perspective of the street, the camera provided a clear close-up shot of the driver.

As it turned out the truck - similar in size to the one that exploded in the City at the weekend - was known locally. But had action been needed the operator would have contacted the police, who would have checked the vehicle on their monitors before taking between one minute and five to arrive on the spot.

Local police Chief Inspector John Cordner said that the system was primarily a deterrent and a provider of supporting evidence. It could not provide a guarantee that security would not be breached.

Its main success in the month it has been fully operational has been in providing evidence leading to 17 arrests. Both council leaders and police insist that the system can pro-

vide better security than simple foot or vehicle policing and is cost-effective.

The system has been introduced during the past 2½ years and 85 per cent of all crimes in the areas monitored have been solved by the police. The public seem to like it.

The management of the car park believe that the 12 per cent increase in customers over the past year, in spite of the recession, is a mark of public confidence.

The council spent £280,000 in installing the full system, with £20,000 provided by the private sector, but it cannot afford to use the cameras' full potential.

To monitor every vehicle would require about 32 individuals sitting without interruption for 24 hours - about five times the present staffing.

Mr Leon Barwell, director of sales and marketing with Firm Security Group, said the aim was to make the most cost-effective use of the system.

Chief Insp Cordner, reluctant to endorse it as a complete solution, said: "It's only an aid. It's as good as the people who are monitoring it. You still need people to make a judgment."

Pictures of lorry bombers released

By Richard Donkin

THE CITY of London Police have released video pictures of two men walking away from the parked lorry containing the bomb which devastated Bishopsgate in the City.

The enhanced pictures from a commercial video tape taken by a camera mounted in Bishopsgate show two men walking south and apart down the street just before 9am. Both are wearing hooded jackets to hide their faces.

Commander David Tucker, head of Scotland Yard's anti-terrorist squad, said: "We are convinced these are the two men who left the lorry and it is reasonable to assume they are the bombers." Witnesses, he said, had confirmed seeing them getting out of the lorry parked 200 to 300 yards away from where the bomb was shot.

The first man, seen getting out of the driver's side, was between 5ft 8in and 5ft 9in and stockily built. He wore a slate grey three-quarter length anorak and dark trousers. Immediately he got out of the lorry, he pulled his hood up.

His passenger was slimmer and about 5ft 9in tall, wearing pale blue jeans and a blue and white mottled jacket with a hooded jogging top underneath. He also pulled the hood up to hide his face.

Mr Owen Kelly, City of London police commissioner, appealed to all premises to check for any tapes which police had not seen.

Mr Kelly said the pictures showed the value of security cameras. "I urge those who don't already have them to acquire them. Those who do, should check they are operating properly. One common fault is the tapes wear and don't give very good images and so should be changed regularly."

Police repeated an appeal for help in tracing the movements of the lorry, which was stolen on March 30 in Staffordshire and was later painted blue.

London and Dublin 'at one'

By Tim Coone in Dublin

THE BRITISH and Irish governments "are at one" on Northern Ireland according to Mr Douglas Hurd, foreign secretary.

After talks in Dublin yesterday with Mr Dick Spring, the Irish foreign minister, Mr Hurd said: "We need a fair and widely acceptable political agreement... which has to cover all three strands of talks that are taking place."

Mr Hurd reinforced recent statements by Sir Patrick Mayhew, the Northern Ireland secretary, that there could be no "internal settlement" in the province and any solution had to take into account the relations between the two governments, their relationships with Northern Ireland, and relationships between the Northern Ireland parties - hence the three "strands".

The last such talks on Northern Ireland's future administration ended last November

without any significant agreement. The Unionist parties - and the Democratic Unionist Party in particular - have since laid down a precondition that the Irish government must drop its territorial claim to the province, written in its constitution, before any new talks can begin.

Both Mr Hurd and Mr Spring reaffirmed, however, their determination to see the talks resumed. When asked about the controversial move last month by Mr John Hume, leader of the Social Democratic Labour Party, to hold talks with Mr Gerry Adams, Sinn Féin leader, at the latter's request, Mr Spring said: "Our position is that which it has always been, that the government will not enter into talks with the man of violence. If they move away from violence then that opens possibilities for them to enter talks... Mr Hume is an experienced politician and I like to think he knows what he is doing."

Hunt for Thames chief continues

THAMES WATER confirmed yesterday that missing chairman Sir Roy Watts had known he was suffering from Parkinson's disease for two months, as the search for him entered its fourth day, Bronwen Maddox writes.

Colleagues in the water industry said that he had been depressed following diagnosis of the illness, which many had suspected for months.

Sir Roy, 67, has not contacted his family in Oxfordshire or Thames since his driver left him at his Battersea flat at 2pm on Tuesday.

Police frogmen were reported to have searched the River Thames near his flat yesterday but found no trace.

Whistle-blower on murder charge

THE man who exposed price-fixing by a large international drugs company was remanded in custody yesterday on a charge of trying to get another man to murder his wife.

Mr Stanley Adams appeared before Yeovil magistrates, Somerset, on a charge of unlawfully attempting to get Mr Anthony Cox to murder his wife Deborah Adams between August 1 last year and April 29 this year. He was remanded in custody until Tuesday.

Mr Adams was at the centre of a battle to be allowed to live in Britain after exposing price-fixing by Swiss-based international drugs company Hoffmann-La Roche to the European Commission.

Speaker ponders Maastricht course

MISS Betty Boothroyd, the Speaker of the Commons, will consider over the weekend which amendments to the Maastricht legislation should be chosen for debate and vote on Tuesday and Wednesday of next week when MPs resume their detailed discussion of the bill. She will announce her decisions on Tuesday.

The most contentious question is whether she will allow MPs to vote on an amendment, which has attracted wide support from opposition parties and Tory Euro-sceptics, to exclude from the bill the social protocol, which contains both the social chapter and the UK's "opt-out" from it.

Medicine bill falls

A BILL paving the way for the disclosure of more information about medicinal products was effectively blocked yesterday when it failed to complete its Commons stages. The Medicines Information Bill, piloted by Mr Giles Radice, Labour MP for Durham North, had not completed its report stage when time ran out. This forced its return to the backbench legislation queue, effectively killing it.

ICI unit moves

ZENECA, ICI's biotechnology subsidiary, is to move into a new 43,000 sq ft office building at 84 South Audley Street in London's Mayfair, following its planned merger from ICI.

Ashman trial

MR ROY ASHMAN, former chairman of controls company Harland Simon, was yesterday committed for trial at Aylesbury Crown Court. Mr Ashman, who appeared at Milton Keynes Crown Court, faces one charge of making a misleading statement contrary to section 47(1) of the Financial Services Act 1986.

Cook plan for post offices to pursue new business

By David Owen

LABOUR yesterday called for post offices to be free to diversify into new lines of business such as ticket sales and financial services as part of a blueprint for Post Office reform.

Under its proposals - which envisage a unified national postal service remaining in the public sector - the party would set up an independent regulator to set and monitor new service and performance targets.

It would examine ways of giving the Post Office access to the financial markets to raise private capital for development projects.

Mr Robin Cook, Labour's trade spokesman, said yesterday that the party would review the body's corporate

governance, possibly setting up a supervisory board whose members would be "more widely drawn" than present Post Office directors.

Yesterday's announcement came two weeks after it emerged that the government had decided to delay the possible privatisation of the Post Office until the 1994/95 parliamentary session at the earliest.

Ministers are expected to make a parliamentary statement on the outcome of the government's Post Office review before the end of the current session in July or August.

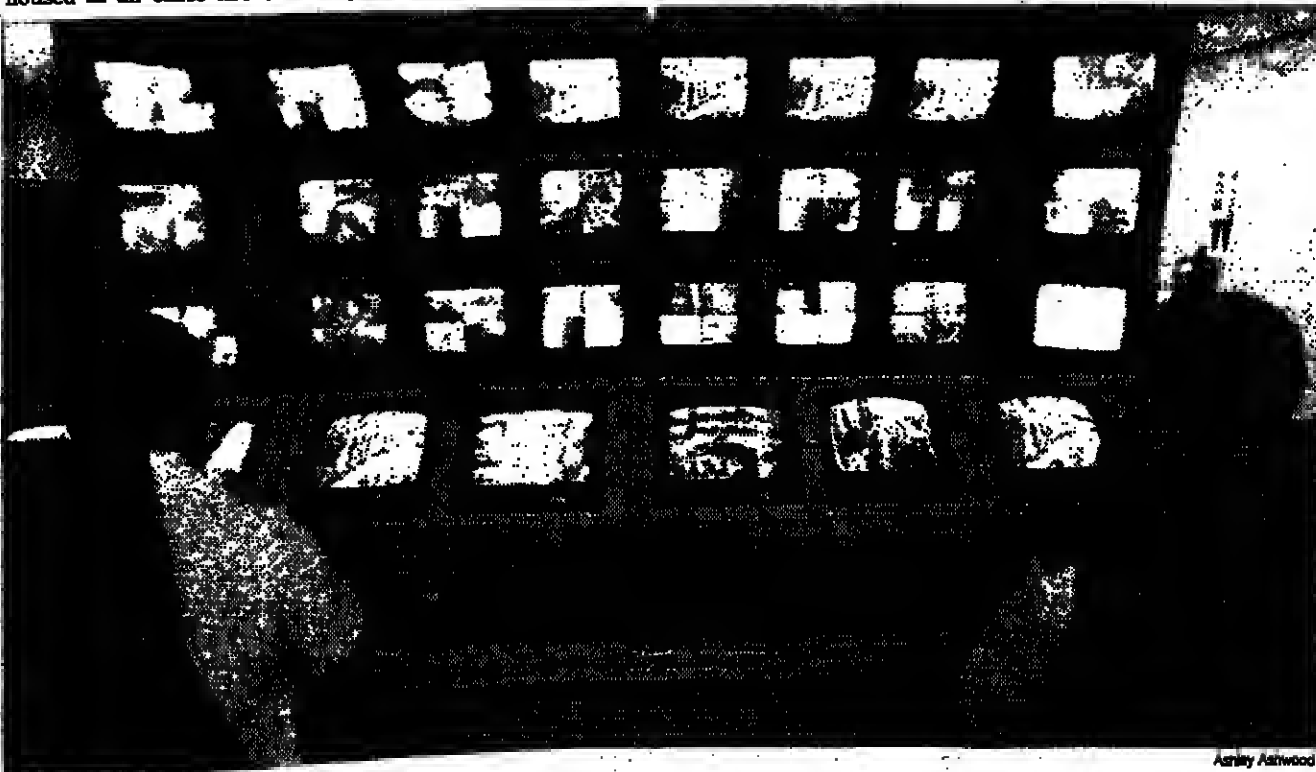
Mr Michael Heseltine, trade and industry secretary, has still to decide whether to sell the organisation as one unit or split it into two or three pieces

based on its constituent parts - the Royal Mail, Post Office Counters and Parcelforce.

Labour's statement suggests there is some common ground between the two main parties as ministers are also keen for Post Office Counters to branch out into new businesses.

This is seen as a way of improving the financial performance of the thousands of post offices which do not cover their costs and must be subsidised from the Post Office's other activities.

Ministerial discussions on the issue have been given fresh impetus by Department of Social Security moves to encourage pensioners and recipients of other benefits to receive payments through automated credit transfers instead of via the Post Office.



Security screening: the panel controlling the 96 cameras of Northampton's town-centre closed-circuit television surveillance system

A lovable bully's fall from grace

Christopher Lorenz reflects on the leadership of soccer's Brian Clough



Benevolent dictator: Clough ruled like Lady Thatcher and Lord King

So, farewell.
Then, Brian.
Doyen of the City Ground.
Your old magic has ceased to inspire.
You've been elbowed out.
The enterprise you've led for 18 glorious years is collapsing.
Keith's mum says you were a loud-mouthed bully.
But I always thought you were the master.
You'll be sorely missed by fans and rivals.
Life will never be the same.
(With apologies to EJ Thiribb [17%] of Private Eye magazine)

For any readers in New York, Nuremberg, Nantes or - God forbid - Nottingham who haven't the faintest idea what on earth this dreadful adolescent doggerel is all about, the explanation is this. A few days ago Britain's best-known soccer manager and TV sports "personality", the larger-than-life Brian Clough, announced under boardroom pressure that he would retire from his job at Nottingham Forest Football Club from the end of the season. He has occupied the post since 1975, making him, at 58, the second-longest-serving postwar soccer manager since the legendary Matt Busby of Manchester United.

Clough's passing, and next week's probable relegation of the club which he transformed from mediocre journeymen to European champions, holds lessons aplenty for other leaders and their followers - not just in sport, but also in politics and especially business. For Clough's tracheal character and domineering leadership style bear a striking resemblance, albeit in exaggerated form, to those of many politicians and top executives past and present. Remember Margaret Thatcher, who departed in equally ignominious circumstances? Or Lord King, late of far-from-Virgin British Airways, who went in similar fashion? Or Robert Horton, ousted from the chairmanship of British Petroleum last summer after only two years at the top? Admittedly, managing a football club is in a somewhat lesser league than the tasks which such big-time players perform. But this does not invalidate the parallels between their styles of leadership, as Clough's career shows.

Together with many charismatic business leaders who have a sustained stay at the helm, Clough had his most successful years as part of a duo. In business, the partner usually stays quietly out of the limelight. But Clough, the late Peter Taylor, was equally outspoken. Once they split up, Clough never hit quite the same heights again. His leadership style epitomised old-fashioned industrial management - the arrogant, charismatic autocrat who rules with a rod of iron, and demands unquestioning obedience. Nigel Nicholson, professor of organisational behaviour at the London Business School, calls this "benign despotism" or "not always so benign".

In Clough's case, the fear this induced was laced with a streak of paternalism and - something many business leaders lack - genuine humour. Whatever the wider world thought of him, this earned him intense respect, sometimes bordering on love, from almost all his staff. Lord King and Lady Thatcher were rather different. Combined with their manifest competence, the fear they induced earned them bags of respect, but little love.

Clough's insistence on blind loyalty from his staff extended to forcing even mature star players to run through beds of nettles. Nicholson calls such acts "rites of degradation which fully absorb people into the clan." Clough also had a habit of humiliating players in front of one another - though much less often in public. As one of them wrote: "It was the law of the playground." Another tendency was to reward players when they expected to be punished, and vice versa. "Such unpredictability creates extreme dependence," Nicholson says. It also prompted several mature men to walk out of the club. But Clough made a virtue of it even in public. In the business world, such mercenary behaviour is unusual, and top managers who practise it tend not to last long - unless, like Robert Maxwell, they own the company. Clough's sense of his own power was so acute that he wore it on his sleeve. As with Bob Horton at BP, he could never cease letting you know that he was the boss. Overly manipulative behaviour of this kind can be deeply annoying to

one's staff, even when done with a dash of humour. Horton's conversations and internal speeches were peppered with jokes about his supposed infallibility, or his "running for Pope", while Clough belittled most makes by calling them "young man". He parodied this in a recent TV advert by telling Gary Lineker and other England soccer stars to eat up their shredded wheat cereal.

Psychologists argue that such harsh behaviour usually stems from insecurity. Even at the top of BP, Horton certainly saw himself as an outsider, with a different educational background from most of his Oxbridge colleagues. In Clough's case it ranked badly that he had failed to be appointed manager of the English national team.

Lessons in the art of survival

While the recession was officially pronounced dead by the government this week, it is hitting its deepest into one area of British life usually regarded as immune. Boarding schools across the country have seen their student numbers - 6 per cent - since records began in 1982, according to the Independent Schools Information Service.

Attendance at independent day schools has been resilient over the past decade, and girls' day school attendances rose slightly this year. But the latest fall in the number of boarders, coming on top of a 10 per cent decline over the previous three years, has forced many boarding schools to adopt new strategies.

They are under pressure from two economic forces: the seemingly inexorable rise in their costs, and hence fees, and the effect the recession has had on parents' ability to pay.

Independent school fees (including day schools) have risen on average at double the rate of inflation for more than a decade. Last year, average fees rose by 8.3 per cent, triple the inflation rate, taking the average cost of a term at boarding school to £3,125. Headmasters' Conference schools, the independent sector's elite, charge £3,425 on average; prep schools charge £2,492.

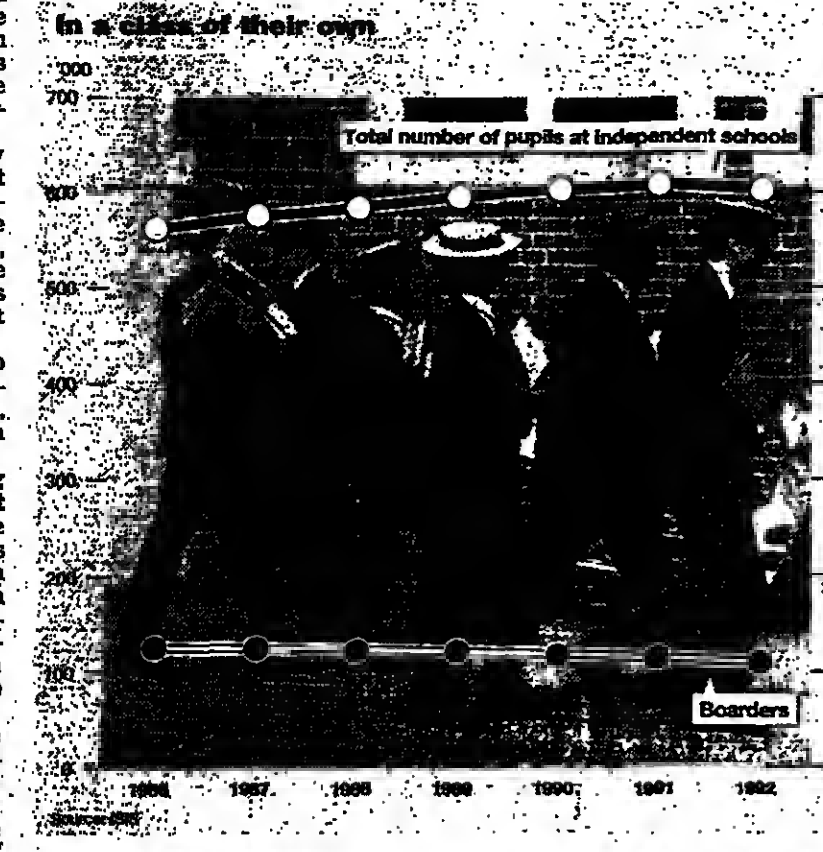
Boarding schools are aware of the danger of pricing themselves out of the market, but their scope to keep fees increases down is limited. Education is highly labour-intensive, with staff salaries accounting for up to 80 per cent of costs, according to Mr Michael Oakley, chairman of the Independent Schools Bursars Association, which represents school treasurers.

Independent schools need quality staff, and cannot ignore teachers' pay agreements in the state sector. Ms believes that keeping independent school fees increases below the public sector teachers' pay rise of 9.5 per cent is, therefore, something of a victory.

Fee increases have also been fuelled by competition between schools on eye-catching capital projects, such as sports halls and drama centres. As the recession deepened, parents began to decide that these were luxuries they could no longer afford.

Ms Joan Jefferson, president of the Girls' Schools Association and headmistress of St Swithun's, a boarding school in Winchester, admits: "Boarding is expensive and it's inevitable that in a time of severe recession it will be affected more because it costs more."

UK boarding schools are changing as pupil numbers fall, says John Authers



There were 126,616 boarders in the UK in 1986, according to the Department for Education, and only 109,216 in 1992. In contrast with previous generations, the value of keeping children within a family environment, rather than sending them for a "character-building" experience at boarding school, is more widely accepted.

However, the oldest and most famous boarding schools have managed to escape the general trend. At Winchester College, for example, numbers have risen because the school offered more places than usual last year, assuming that some parents would be forced by the recession to withdraw their sons. This did not happen.

Mr John Sabben-Clare, the headmaster, points out that the school is insulated against the recession because it attracts pupils internationally, not just from the UK or its local area.

But minor boarding schools which are not household names, in outlying areas of the country which offer sparse catchment areas should they want to attract day pupils, face real difficulty in justifying fee increases to parents.

They need to adapt to survive. That means an end to the ambitious building and capital projects of the past decade, increased assistance for pupils, whether from endowment funds or from the government's assisted places scheme, and a more flexible approach to boarding. Many boys' schools are becoming co-educational to expand their target market.

One example is Blundell's School in Tiverton, Devon, established in 1604, and the scene for much of the action in Lorna Doone, which will become fully co-educational from September this year. Mr John Leigh, the headmaster who took over at the beginning of the year, says: "There's a genuine desire to increase equal opportunity. But it's fair to say that the economic climate was a catalyst."

Like other schools in the south-west, Blundell's has seen the number of boarders drop, though they still make up roughly three-quarters of the school's population. Blundell's has a policy of giving financial aid to local children - Mr Leigh points out that this corresponds to the founder's intention - and a quarter of pupils receive bursaries or scholarships from the school.

This puts it in line with the 1982 figures which showed that 26.5 per cent of independent school pupils received help with fees, most of it - 16.9 per cent - coming from the schools themselves.

When Blundell's makes appeals to its alumni in future, it will be asking for funds to endow bursaries, not to build sports halls. According to Mr Leigh: "I think of the 1980s as the decade of building and of the 1990s as the decade of learning how to use those buildings to the best advantage."

Again this echoes the Isis trend, which shows that capital spending per pupil declined for the first time since 1980 last year - by 10 per cent to £812. Another Devon boarding school, Shebbear College, has taken more drastic action. Shebbear is a 150-year-old Methodist school in the north of the county. Its number of boarders has steadily declined, and at the end of last year the Methodist Board of Management announced that it was to vacate its present site and merge with a girls' school in Bideford, 12 miles away.

Shebbear's governors and teachers succeeded in overturning the decision. However, they have done so only by accepting staff redundancies, and a cut in teachers' allowances. A total of £250,000 has been cut from the school's budget of £1.6m for next year, while fees for juniors have been trimmed by almost a third, from £1,250 to £850 per term. From September, the school, like Blundell's, will be fully co-educational.

These changes demonstrate the economic pressures on small boarding schools. Mr Russell Bulley, Shebbear's headmaster, said: "We're simply recognising where the markets are for our product. The way forward is to face up to the problems of being an isolated boarding school and turn that to our advantage."

The proportion of boarders at Shebbear has dropped steadily and now comprises just over half the school's population. Many parents in north Cornwall and Dartmoor prefer a daily two-hour round-trip to the expense of boarding.

"Flexi-boarding" is the least traumatic policy which has been adopted by the Royal Naval School in Haslemere, Surrey. The school, which once had a heavy boarding emphasis because it was founded to educate the daughters of naval officers, now allows weekly boarding and occasional overnight stays. Girls living locally are also allowed to spend time boarding while parents are away on business.

Mrs Jill Clough, the headmistress, explains that this unusual system evolved because of parental demand. It lessened the costs for many, while also allowing day girls to share in the "boarding experience" to some extent. Like Blundell's, Royal Naval is now digging deeper into bursary funds as it is also receiving help from charities.

Mrs Clough describes this as taking a long-term view - "If the funds are not used now, the parents are finding times tough, family links with independent education could be broken."

Strategies such as these mean that it is still too soon to declare the final demise of the British boarding education. But survival for the less prestigious boarding schools now requires innovation to attract new pupils and a greater effort to hold down costs than has been apparent in the past.

The arms embargo imposed on the Bosnian Moslems is unacceptable, argues Martin Wolf

Battle against a moral imbalance

Another flurry of negotiations has started over Bosnia. They seem unlikely to succeed. The west hopes to persuade the Bosnian Serbs to implement the Vance-Owen plan, while refusing to do anything effective to change their minds. In particular, the British government remains deeply attached to an arms embargo that guarantees the Serbs and, to an extent, the Croats military superiority in Bosnia.

Why is the government's support for the arms embargo so implacable? The foreign secretary has already answered this question by condemning the arming of the Moslems as merely providing a "level killing field". By its actions and its words, the British government evidently prefers an uneven killing field.

Mr Hurd's position is, it should be noted, advanced as a moral one. He argues against arming Bosnia's Moslems on the grounds that it would both prolong and increase the killing. The obvious reply to this objection is "yes, it might".

But what is desired by these means is not war for its own sake, any more than that was the aim of the US in supporting the UK during the second world war. The aim of fighting would be a better outcome than surrender. Mr Hurd should be able to see this. He insists that what is needed is a negotiated political settlement.

But what can be the precondition for such a settlement, other than a balance of forces on the ground or the cessation of one side?

Participation by foreign ground forces would be more effective in bringing balance to the battlefield than arming the Bosnian government. But, for understandable reasons, the UK - along with France and the US - does not wish to undertake a large and open-ended commitment. With foreign ground troops ruled out, it seems extraordinary that a recognised state should be denied any effective means to defend its existence.

It is only because states provide a police force and an army that they are entitled to insist that their citizens remain unarmed. Similarly, only a commitment by the west to defend Bosnia's Moslems could justify depriving them of their

right to self-defence. So what about the argument that providing these people with means of self-defence may increase casualties? First, the west is not pacifist. Countries such as the UK accept that the risks of resistance will often be preferable to surrender. Second, the victims are being denied the right even to choose whether to defend themselves. The west is imposing the preferences of those not at risk on those who are.

To deprive both sides of means of defence is tantamount to willing the victory of the side that started off better armed. The present stance is pro-Serb. In feeding the victims, the British government has adopted a conscience-saving gesture. But by choosing neither to defend these people nor to help them defend themselves, it is an accomplice in "ethnic cleansing".

Yet by its support for sanctions against Serbia, the government has implicitly recognised that this is not solely, or even largely, an inter-ethnic

war within Bosnia. It has also recognised that one side is more culpable than the other. Serbian action in Bosnia is made possible by the support from Serbia. The aim of that support appears to be the creation of a geographically contiguous, ethnically pure, greater Serbia.

The western reaction has been economic sanctions, which are unlikely to work. What has happened since the Gulf war demonstrates the ineffectiveness of the sanctions policy that many favoured before it started. As for the Vance-Owen plan, it looks cleverly devised. The fundamental objection is that it conflicts with the aims of both Serbs and Croats, yet there is no force to impose it.

Can sense be made of the British stance? Yes it can. The policy could be expounded as follows, even if members of the government would not be willing to admit this even to them-

selves: "Serbia will win this war. It will win because the costs of doing anything effective to stop it would be too high. It would be best for everyone if that victory were as quick and complete as possible. Giving military help to the Bosnian government would increase the number of people killed, while just postponing the inevitable."

"We cannot admit this is our policy, since it contradicts everything we supposedly believe in. We can also not ignore the disquiet of our television-watching population. The commitment of a modest contingent of soldiers for humanitarian purposes has at least stilled those calls and saved lives, while doing little to postpone Serbian victory. Naturally, we will not acknowledge this was our objective, for which reason the appearance of sanctions will be maintained indefinitely."

"This policy is not indefensible, but it is hardly acceptable either. It suffers from four disadvantages. First, it is bound to appear to fail. The ostensible policy is to stop Serbia, while the real policy is for Serbia to succeed. The contrast is bound to make the west look ridiculous. Second, the policy may even fail to minimise the killing. Effective opposition is at least as likely to stop the Serbs as anything else. If that opposition is not to come from western countries, then it must come from those they are attacking. Third, Bosnia is not the last word in this saga. Others will learn from the success of this brutal attempt to unscramble ethnic omelettes by force. Serbia itself will learn from the success of this attempt. Finally, the western world is defined by moral values. To connive at atrocities for reasons of realpolitik concealed under the cloak of pseudo-pacifism is to bring it into disrepute."

It may now be too late to provide the Bosnian government with effective means of self-defence. Given western reluctance to intervene effectively, however, this policy would have offered a better chance of peace than negotiating while giving Serbs and Croats carte blanche to change facts on the ground.

Financial strength of with-profit companies

From Mr Geoff Westall.
Sir, You recently quoted my remarks on with-profits business in the life insurance industry ("Mutual sacrifice puts new thinking into boardrooms", April 21). I would like to set these remarks in the wider context of the benefits of with-profit life assurance, namely the smoothing of investment returns.

It is inherent in with-profits business that the policyholder enjoys a smoothed investment return. During a period of rising investment returns, smoothing will entail distribution of less than the assets that have been earned and hence a strengthening of the free reserve position.

Conversely, in a period of falling investment returns, the time lag of the smoothing process will lead to companies distributing more in assets than they have been earning on investments. While this excess will be paid for out of free reserves, our research indicates that the average cost of paying this excess in 1991 amounted to around only one half of one per cent of the total funds. We do not believe this has had a significant effect on the financial strength of with-profit companies.

Geoff Westall, manager, Tillinghast, Europe, Castlewood House, 77-81 New Oxford Street, London WC1A 1PX

Cancer not a male preserve

From Ms Elisabeth Balsom.
You are taking male chauvinism a bit far when you publish an article headlined "Stacking the odds against cancer" (April 28), which includes three paragraphs on

prostate cancer but nothing on breast, ovarian and cervical cancers which affect more than 10 per cent of UK women. Elisabeth Balsom, 16 Coleridge Road, London SW15 6LP

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Teaching the history of business

From Mr Arnold Kransdorff.
Sir, In reviewing Mr Michael Heseltine's new industrial strategy ("Heseltine's plan to help Britain win", April 28), your reporter is right to point out that not all critical ingredients are in the industry minister's sphere of influence. If Mr Heseltine wants to encourage the cultural revolution he feels is so necessary to lift Britain's business prospects, he should go to the heart of the problem and make an appointment with the education minister.

At this meeting, he might ask Mr John Patten why, while subjects such as political, military, social and economic history are an integral part of the general education process, business history as a curricular subject is not part of any form of universal education at UK schools?

He might point out that its neglect is evident at higher levels too, even at business schools. Just 6 per cent of business students are exposed to the subject in any way, equal to fewer than 1/4 per cent of the country's university population, a statistic which is put into further perspective by the number of professors of business history in the UK - just three against Japan's 300.

Our research into business history's application in the workplace shows that - unlike many of their overseas competitors - British managers and workers at all levels acquire little historical awareness of business in general and companies in particular from the wider educational system. This is compounded by the minimal efforts by companies to pass on their own history to employees.

While low historical awareness helps to explain the absence of a wider business culture, it also means that industry is unable to take advantage of its own practised example.

It can also be argued that the concentration on wider-based economic history at the expense of more specific business history makes aspiring British entrepreneurs less practical businessmen. The industrial revolution is more than 220 years old. By being its first participant, Britain should have an inbuilt advantage of experience, knowledge and tradition - if it were passed on.

Yen's peak against the US dollar

From Mr E C Pank.
Sir, Your newspaper has recently referred to the yen/dollar exchange ("Rising yen may not cut Japan's surplus", April 21) stating that the yen had reached a postwar peak of ¥110.25 to the dollar. This was not a record high.

Prior to the second world war the rate was lower than ¥4 to the dollar, after the war the US occupation authorities imposed a 15-to-one conversion rate which was raised considerably as inflation soared. The 360-to-one exchange rate imposed in 1949 lasted for more than two decades.

City police unrivalled in fight against urban terror

From Mr Colin Coxall.
Sir, I refer to your article headed "Police plead not guilty to terror charges" (April 28). The article states that the City of London police force "sometimes hasn't got cover at weekends". This statement is entirely wrong. At all times the force area is covered by a significant number of operational police officers, both on foot patrol and in response cars, capable of dealing with any incident. Indeed, on the morning that the Bishopsgate bomb was discovered by police, the force immediately deployed officers to evacuate a very large area, thus reducing the number of casualties.

In common with many other forces, the City of London Police has started setting target response times for attendance at incidents (which are graded in priority bands). This force sets very high targets (four minutes for the most urgent of incidents) and during the early months of this year a performance of almost 94 per cent was recorded across the full range of incidents.

Over the past three years, the force has dealt with five bombing incidents in the City of London, and gained unrivalled experience in fighting urban terrorism. It takes a leading role in training on this subject at the police staff college at Bramshill. Because of the heightened risk of terrorism to the City of London, officers have been redeployed from the fraud squad and other specialist departments to undertake anti-terrorist duties. Our officers work closely in conjunction with the Metropolitan Police anti-terrorist branch, and at any given time we have up to 30 officers working with them.

We feel that it is important that the citizens of the City of London are confident that their police provide a 24-hour, seven-day-a-week service, capable of meeting their needs. Colin Coxall, assistant commissioner of police, City of London Police, 26 Old Jury, London EC2R 8DJ

COMPANY NEWS: UK

Stock Exchange halts share deals in demerged parts of ICI

Spotlight on grey market rules

By Maggie Urry

THE STOCK Exchange has asked Salomon Brothers International, the investment bank, to stop making a "grey market" in the shares of the demerged parts of Imperial Chemical Industries.

The exchange said it was reviewing its guidelines on grey market dealing - dealing in securities on a "when-issued" basis before official dealings start.

This could lead to a framework of rules for a Stock Exchange sanctioned grey market.

At present Stock Exchange rules forbid grey market trading although the exchange does give permission for such

trading to take place on a case-by-case basis. Grey market dealings were allowed, for instance, in Rascal and Smith-Kline Beecham.

The division of Salomon which was making the market is not a Stock Exchange member firm, so was not subject to the rules, but agreed to the request.

The Stock Exchange considered that since not all market participants were able to trade in the grey market and there was not full information about the issue which has yet to be priced, trading was not to the benefit of all investors.

The grey market trading could have affected ICI's ability to price the £1.3bn Zeneca rights issue which will coin-

cide with the demerger.

Salomon ceased trading shares in Zeneca and the ex-demerged ICI yesterday at 1 pm, but will re-open trading after the price of Zeneca's rights issue is announced on May 12.

The final grey market price for Zeneca was 500p and for ICI ex the demerger 550p. All trades done since Salomon opened the market on Tuesday this week will be honoured.

Shares in Zeneca and the remaining ICI are due to start official trading on June 1.

Many stock exchanges have an established grey market in shares, and in London some Eurobonds and gilt-edged stocks are dealt in before issue.

The exchange will talk to people in the market to judge whether a set of guidelines and a code of practice can be established.

Salomon said it welcomed the Stock Exchange's review "given the increased level of investor interest in such trading".

The High Court ruled yesterday that the Zeneca shares to be issued to ICI shareholders in the demerger will count as capital in the hands of trustees, not as income. Had the shares been classed as income it would have caused problems for trusts where income is regarded as the property of the "life tenant" and capital belongs to the "remaindermen" who benefit after the life tenant's interest ceases.

BPCC considers market flotation

By Raymond Snoddy and Maggie Urry

BPCC, Britain's largest commercial printing company, is likely to go for a Stock Exchange flotation either late this year or early next.

The company, formally owned by the late Mr Robert Maxwell but sold when he pulled out of printing, has started work on the "beauty parade" to choose financial advisers for the flotation.

"I'm not saying we are floating in October but we have started the process," Mr John Holleran, BPCC's chief executive, said yesterday.

The company, which prints nine of the top ten magazines in the UK from the Radio Times to Woman's Own, left the Maxwell empire in January 1988 in a £235m management buy-out.

The inspiration for the possible flotation has come from the company's new chairman, Mr Brian Garraway, who retired recently as deputy chairman of BAT.

Timing would depend on market conditions as the printing industry starts to pull out of recession.

Mr Holleran said that if the company decided to go ahead with a float "the earliest would be towards the end of this year and it could roll into next year".

Last year BPCC had a turnover of £289m with an operating profit of £18.5m. After interest charges of £26m the company made a pre-tax loss of £5m.

Since the buy-out the BPCC chief executive says £94m has been invested in re-equipping printing plants and as a result a number of contracts lost to continental European printers have been regained.

Tax saving move gives boost to RMC shares

By Andrew Taylor, Construction Correspondent

THE SHARE price of RMC jumped by 5 per cent yesterday after the company announced that it was reorganising its German operations giving it substantial tax advantages.

Readymix Berlin, its 63.6 per cent controlled eastern German operations which previously has been classed as an associate, is to be merged with Readymix AG, its larger western German subsidiary.

The move, which will involve no cash cost to RMC, will allow the group to take much better advantage of accelerated tax depreciation incentives introduced to

encourage capital investment in the former East German republic.

It will, however, increase group debt by £150m, raising gearing from 31 per cent to 46 per cent.

RMC said that Readymix Berlin would have generated insufficient profits for the group to take full benefit of the tax relief. This could now be set against earnings of the merged company including profits from western German operations.

RMC's share price rose 34p to 675p following the announcement. Mr Derek Jenkins, finance director, said the group would achieve an immediate cash benefit of £16.2m.

which would not have to be paid against this year's tax bill.

Depreciation and accumulated tax losses amounting to £100m would be available for relief against corporation tax on 1993 profits. This meant that big payments on account which would have been made this year will not now be necessary, said Mr Jenkins.

He said that the group in the next two to three years proposed to invest £500m in its eastern German operations.

This investment would be eligible for tax relief provided it was spent before December 31, 1995. Mr Jenkins said earnings per share would improve as a result.

See Lex

Kingston Oil changes to recycling

By Tim Coona in Dublin

KINGSTON OIL & Gas is making a number of changes which will result in controlling a third of the waste fuel oil recycling market in the UK, DCC, a private Dublin-based company, becoming its largest single shareholder. It is also changing its name to Greenway Holdings.

It is selling Kingston Oil Corporation, its US oil and gas interests for \$3m (£1.9m) cash to its management and buying BCS from EMO Oil, a 75 per cent owned subsidiary of DCC, for £2.8m, satisfied by the issue of 5.6m shares representing 29.9 per cent of the enlarged capital.

The company also announced 1992 pre-tax losses of £4.1m, compared with profits of £1.19m, after an exceptional charge this time of £4.9m relating to the write-down of the US interests less exchange gains on US intra-group indebtedness.

Turnover was £6.09m (£6.63m). Losses per share were 32.4p (earnings 9.0p). A final dividend is not being paid, leaving the total for the year at 1p (2.5p).

BCS, a waste oil reprocessor, will be merged with Drol Fuels, Kingston's offshoot in the same business.

The US write-off will result in a deficit on reserves and the company is seeking court approval to reduce the group's share capital.

Dixon Motor will reverse into Plateau Mining

By Kenneth Gooding, Mining Correspondent

DIXON MOTOR Holdings, a Yorkshire-based, multi-franchised motor dealership group with 12 outlets, is coming to the Unlisted Securities Market by reversing into Plateau Mining, the former natural resources group which has been fighting a hostile bid.

Guinness Mahon, Plateau's adviser, said the enlarged company, which will change its name to Dixon Motors, will be valued at between £12m and £15m when dealings begin on May 25.

It calculated that the proposals are worth more than 6p a share to existing Plateau holders compared with last August's suspension price of 3p and the revised all-share offer from Kingstream Resources, a small Australian exploration company, of 5.15p.

Plateau was originally formed from most of the Robertson Group's mining interests and started trading in January 1990 at 90p. Mr David Hickey of Guinness Mahon said Dixon made pre-tax profits of about £400,000 on a turnover of £45m in 1992. He said Dixon would have to wait a year for a full quote because, although it had existed for 20 years and had increased profits during the recession, technically it had only a two-year profit record since the acquisition of some assets from the receiver of Corton Beach, the mini-conglomerate.



Paul Dixon (left), managing director of Dixon, with Donald Driver, Plateau's chairman: enlarged group worth £12m-£15m

Plateau will acquire Dixon for about £5.6m, to be satisfied by the issue of 8.2m new ordinary shares at 105p each.

Another £3.5m of shares will be placed with institutional investors and £1.5m of the cash raised will go to 3i, which has been backing Dixon. The rest of the money will provide additional working capital. Dixon's other shareholders have agreed to retain their new shares for 12 months.

Plateau has already announced the sale of its

remaining mineral interests to Delta Gold and the Delta shares acquired will be returned to existing Plateau shareholders.

Mr Hickey said shareholders representing about 70 per cent of Plateau were in favour of the Dixon deal but Kingstream's adviser, Ionian Corporate Finance, which has now posted details of the hostile offer to Plateau shareholders, said: "Our position remains the same. We have no intention of giving up."

Ptarmigan takes a further step up the road to engineering

By Andrew Bolger

PTARMIGAN HOLDINGS made further moves towards becoming an engineering company by announcing an £28m acquisition funded by a rights issue, a change of name and capital restructuring.

Ptarmigan, which is to be renamed Graystone, has agreed to buy a company called Cableform, plus its US subsidiary, from FKI, the electrical engineering group. The deal will be funded by a 14-for-3 rights issue of up to 68.48m new shares at 8p each, which is being underwritten by Chemical Investment Bank.

Shares in Ptarmigan were suspended on Wednesday at 10p, and dealing is expected to resume on May 25.

Ptarmigan is in the process of disposing of its original businesses - making sausage casings, artificial flowers and ribbons, publishing cookery and crafts books and running three small country hotels.

Mr Dick Richardson, who became chairman and chief executive in June, said the acquisition of Cableform marked a significant step forward in implementing his strategy of identifying and acquiring specialist engineering companies operating in niche markets.

In November Ptarmigan bought three engineering companies from Prospect Indus-

tries. Ptarmigan said that as a result of these acquisitions, it viewed the prospects for the group with increased optimism.

FKI Cableform, based in West Yorkshire, makes over-moulding machines, lighting products and electrical controls. It employs 267 people in the UK, 21 in the US and 3 in Germany. In the year to March 31 it made operating profits of £1.3m on sales of £9.8m. FKI said the disposal was part of its policy of focusing on core businesses.

FKI will receive £5m in cash, £2m nominal of loan stock and 12.5m new Graystone shares. The proceeds of the rights issue will pay the cash element. Joint stockbrokers to the issue are Henry Cooke Lumsden and Peel, Hunt & Co.

Ptarmigan yesterday also reported that it has reduced pre-tax losses in the six months to December 31 from £127,000 to £104,000 on sales of £2.6m (£2.1m). Operating profit rose from £6,000 to £170,000, but this was offset by an increase in interest payment to £225,000 (£110,000).

Mr Richardson said: "The group is now trading profitably and the trading conditions for all our companies are showing signs of improvement. This, together with recent reductions in interest rates, should result in improved performance."

Fairbriar suffers £8.37m deficit for 9 months

FAIRBRIAR, the property development and housebuilding company, reported pre-tax losses of £8.37m for the nine months to December 31, against £13.4m for the previous 12 months.

During the period the company was in administration and the figures include exceptional costs of £1.48m (£1.39m) relating to professional fees and reconstruction, which was agreed in January this year.

There was only limited trading, mainly concerning residential housing. Turnover was £5.08m (£8.52m). Interest costs were £7.21m (£13.2m). Losses per share worked through at 21.9p (35.26p).

The company said that in line with the general improvement in the residential market it had seen an upturn in sales in the first quarter. Fairbriar is concentrating on the residential side of its business.

Clark chairman rebuts dissidents' circular

By Maggie Urry

THE CHAIRMAN of C&J Clark, the privately-owned shoe group facing a proposed £18m bid from Berisford International, has written to shareholders with a point-by-point rebuttal of a circular from a group of shareholders opposed to the sale.

Mr Walter Dickson, chairman, and six other directors of Clark have recommended the offer to shareholders. The entire board of 11 has said the terms are fair and reasonable, but three directors have advised shareholders not to accept.

The dissident group, known by the acronym Shoes, wrote to shareholders on

Wednesday saying the offer failed to reflect Clark's future potential, and attacking the board over its role in the bid being made.

Shoes' letter put forward an alternative board structure - which it said would end the disputes between family shareholders which have plagued Clark for years - and supported a flotation of Clark within five years.

Mr Dickson said "there is no certainty in Shoes' proposals". He said a two-tier board, suggested by Shoes, was "virtually unknown in this country" and Clark had been advised not to adopt it. The proposals "cannot disguise the deep rooted differ-

ences of opinion which have disrupted your company over the years".

He said the suggestion of a flotation was "unrealistic as to value, as to deliverability and as to timing".

Mr Dickson also said that the price negotiated with Berisford "takes into account Clark's recovery plans". Shoes argued that the price was low because Clark is expecting a profit recovery.

Directors of Clark and Berisford have addressed meetings of Clark shareholders in London and Somerset in recent days. The issue of selling to Berisford will be put to an extraordinary meeting next Friday, May 7.

McCarthy & Stone trims loss to £6.1m

By Andrew Taylor, Construction Correspondent

MCCARTHY & Stone, Britain's biggest builder of sheltered housing for elderly, yesterday announced a reduced loss of £6.1m for the six months to the end of February, against £6.9m.

The interim dividend is being passed as was last year's final after an interim payment of 0.5p. Losses per share fell from 11.1p to 9.9p.

Mr John McCarthy, chairman, said it was a creditable performance given the recent difficulties in the housing market.

Turnover fell from £27.2m to £25.7m despite a 16 per cent

increase in the number of homes sold in the UK. Mr McCarthy said that the underlying increase was a little more than 3 per cent if a "one-off" bulk sale of 41 units was excluded.

The average price of a retirement flat had fallen from £68,500 to £61,100. As a result the UK made an operating loss of £500,000 compared to break even a year ago.

Losses in France increased from £300,000 to £400,000. Mr McCarthy said the group was "looking to liquidate its overseas net operating assets of £14.4m as quickly as possible for re-investment in the UK".

The group, which has renegotiated its financing arrange-

ments with its bankers until November next year, had net borrowings of £69.1m only marginally less than the £69.2m of a year earlier and compared with shareholders funds of £72.1m.

The group said borrowings would have been less but for the adverse effect of exchange rates on £3.4m of overseas debt and fees of £2.9m payable on the renewal of bank facilities and lease finance.

COMMENT

McCarthy & Stone's share price, which slipped a further 1 1/2p to 31p yesterday, has languished while other builders

have bounced on prospects of a UK housing market recovery.

The shares have underperformed the FT Actuaries construction index by more than 50 per cent since the end of April last year. The arguments against the shares are that recovery in sheltered housing is likely to lag the traditional housing market. In addition gearing is very high and could constrain the group when sales are likely to be more than £7m, with the possibility of another small loss next year. It may be a buy at some stage, but not yet given the size of borrowings and the risks in the sector.

Turnover edged ahead to £1.6m (£1.56m). Earnings per share slipped to 0.89p (1.93p) but an unchanged dividend of 0.5p is proposed. The shares fell 3p to 68p.

Estates & Agency lower at £416,000

Pre-tax profits for Estates & Agency Holdings, the property company, fell from £437,000 to £416,000 in the six months to December 31. However a nil tax charge, against £100,000, left earnings per share at 6.89p, compared with 4.26p.

The company is awaiting the outcome of an appeal against a planning decision before making a recommendation on the final dividend for the previous year when a second interim of 0.5p was paid. A nominal interim of 0.5p is being paid for the period under review.

NEWS DIGEST

end of December 1992.

That compared with profits of £19,261 for the six months to September 30 1991. The company's year-end has been changed to June 30. For the 15 months to June 30 1991 losses amounted to £333,666.

Turnover for the half year totalled £343,045 (£284,003). Losses per share emerged at 1.29p, against 0.04p for the six month period and 1.58p for the 15 months.

The interim dividend is being omitted - 0.1p was paid for the half year to end-September 1991 followed by a final of 0.1p.

Downiebrae halved to £201,967

Pre-tax profits halved from £422,968 to £201,967 at Downiebrae Holdings, the engineering group, in 1992.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Ashley Group	0.5	July 1	1.2	0.75	1.85
Downiebrae	0.5	July 1	0.5	0.5	0.5
Estates & Agency	0.5	June 1	2.5	3.0	3.0
Kingston Oil	0.5	June 1	1.5	1.5	2.5
McCarthy & Stone	0.5	June 1	0.5	0.5	0.5
PCT Group	4.75	July 8	4.5	7.25	7.0
Richards Group	2.75	June 15	2.75	4.4	4.4
Sheafbank	0.1	June 15	0.1	0.1	0.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. ‡USM stock. †For 18 months.

LONDON RECENT ISSUES

EQUITIES											
Issue Price	Am't Paid in Pkgs	Latest Bid Date	1993	1992	Stock	Listing Price	1991	1990	1989	1988	
70	100	F.P.	216	190	David Brown Industries	216	1	WB8	2.4	3.3	16.2
138	F.P.	F	142	100	Hawking Energy Metals	105	4		-	-	-
138	F.P.	F	142	100	Harvest Gold	142	1		-	-	-
138	F.P.	F	142	100	Harvest Silver Services	142	1	RS2	2.0	4.2	14.2
138	F.P.	F	142	100	Robinson Chemical	142	-1		2.8	2.8	14.2
360	150	F.P.	360	150	Domestic South Sea Oil	40					
360	150	F.P.	360	150	Quality Software Products	401		ba.5	1.0	3.7	23.9
360	150	F.P.	360	150	United States Steel	360		PL7	1.8	1.8	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
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360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways	125		PL7	1.7	1.7	23.9
360	150	F.P.	360	150	Shapeways						

COMPANY NEWS: UK AND IRELAND

Institutions take 30.4% stake after ADM pulls out Dublin sells remaining Greencore holding

By Tim Cooney in Dublin

THE IRISH government has disposed of its remaining 30.4 per cent in Greencore, the sugar, malting and milling group, to institutional investors for a total of £170m (\$280m) after ADM, the US food company, pulled out of talks to buy the stake.

The deal valued the 35.4m shares at 275p each, a discount of about 7 per cent on recent trading levels.

The government said yesterday that ADM "decided not to continue further with the discussions due to their long duration and public nature".

News of ADM's interest leaked last February, pushing the shares above what was believed to be ADM's offer of 260p.

Greencore's management had encouraged ADM to make a bid as part of the company's strategic development plan aimed at using ADM's financial and marketing muscle to expand into the European market.

Domestic political pressure, however, forced Mr Bertie Ahern, the finance minister, to put the government's shares out to tender with the intention of finding an Irish buyer.

No other offers came forward, however, after the Greencore board made it clear that they favoured ADM.

Mr Gerry Murphy, Greencore's chief executive, said yesterday: "We are pleased at the successful placing of the government's holding which removes the market overhang of our shares."

Asked if he felt that the sale had been badly handled he said: "It has to be said one can only be disappointed. This has gone on so long and a lot of effort was put in."

"But we have an excellent working relationship with ADM and all our options are still open and we can still work with them in joint ventures as long as it makes commercial sense for both companies."

Mr Ahern acknowledged that "ADM went away because of

the public controversy".

He attacked what he called "the politics of the negative left", referring to opposition politicians who had objected to the sale to an overseas company. Objections had also come from the Labour Party within the government coalition.

Following the failure of the public tender, Mr Ahern said: "What I was not prepared to do was to let ADM walk away and then allow the overhang to remain. Greencore has excellent strategic plans and ADM were part of those."

"I would hope that Gerry Murphy and his colleagues will continue to look for partnerships, maybe with ADM or others that is for them to decide, but they will certainly have my full support."

The government continues to hold a "golden share", which is intended to prevent Ireland's sugar quota within the EC being transferred to another company outside Ireland, which would threaten the livelihoods of thousands of farmers who supply Greencore with sugar beet.

Midlands Electricity splits top roles

By Deborah Hargreaves

MIDLANDS Electricity has split the top position at the company and appointed Mr Mike Hughes chief executive from today.

Mr Bryan Townsend remains chairman but Mr Richard Young, who was formerly managing director, has left the company. Mr Hughes was formerly executive director with responsibility for engineering.

Mr Townsend said: "Our primary focus remains on our core business and our overall strategy of developing as an energy company must be continued."

Mr Hughes could have a difference of emphasis, however. He has been known to be critical of the company's expansion into retail outlets and may try to shift the focus away from non-core activities.

Mr Young had been managing director since 1990 and is believed to have felt slightly frustrated at the hands-on approach of the company's chairman which limited his own influence.

Mr Matthew Sheehy, electricity analyst at Hoare Govett, said: "We could start to see more movement amongst the management of the privatised electricity companies... There are certain key decisions that need to be taken ahead of the regulatory review, on pay bargaining and non-core investment that could start to differentiate between managements."

Spanish food side leaves Ashley Grp £13.8m in loss

By Roland Rudd

ASHLEY GROUP incurred a pre-tax loss of £13.8m for the 16 months to December 31, after an exceptional £5.9m relating to the disposal of its loss-making Spanish retailing business, Digsa.

The loss compared with a pre-tax profit of £13.7m in the 12 months to August 31 1991.

Mr James White, chairman, said the group's exposure to the Spanish food retailing business had not proved a happy one. Digsa reported operating losses of £5m on sales of £516m.

Mr White said the group acquired the Spanish business when Mr Tony Butler, who had experience of UK retailing, had been chief executive. The decision to expand into Barcelona

had proved "an unmitigated disaster". He added that the downturn in Spain, which was reported in November, had accelerated.

Digsa is being acquired by Parafax, a Hong Kong-based company established to acquire retail businesses.

Parafax is paying a deferred consideration of £20m, together with the transfer of Digsa's net debt which has averaged £33m in the last three months.

After six months from completion it will start to pay four instalments of £5m.

In anticipation of the sale, which has to be approved by shareholders at an extraordinary meeting on May 7, an extraordinary provision of £3.8m has been made for the expected loss on disposal.

This is a transfer of £43.4m of goodwill previously written off against reserves.

Interest charges were £7.2m, largely resulting from the levels of borrowing in Spain at high interest rates. In the previous year interest charged was £1.6m. If the Digsa sale goes ahead the group will be left with gearing of 52 per cent, representing net debt of £12m.

Distribution of window blinds reported profits of £5.6m (£6.7m) on turnover of £47m (£30m) while the group's plywood and timber activities contributed £300,000 (£288,000) on sales of £1.55m (£1.87m).

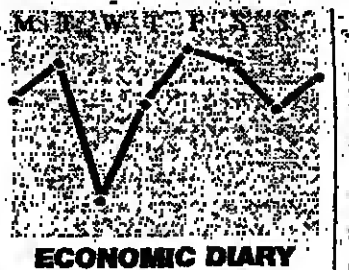
There is no final dividend. Two interim dividends of 0.875p each were paid during the year. Losses per share were 11.6p (7.5p earnings).

Scot Mortgage net assets above £1bn mark

The Scottish Mortgage and Trust saw net asset value increase 27 per cent from 173.7p to 220.3p over the 12 months to March 31.

At the end of the period total assets exceeded £1bn for the first time.

Net revenue totalled £13.9m (£15.3m) for earnings per share of 3.85p (4.25p). The proposed final dividend is 2.65p making a total of 6.5p, compared with 3.5p.



ECONOMIC DIARY

TODAY: Romanian government to remove remaining communist-era price subsidies on basic foodstuffs and services. ANC leader, Nelson Mandela, visits Lisbon (until May 4). Demonstrations against unemployment called by Madrid's unions. ANC alliance due to start month-long campaign in South Africa to speed up negotiations for end to white minority rule.

TOMORROW: Congo holds parliamentary elections (next round of voting on May 23). Dalai Lama visits Britain (until May 15).

MONDAY: Meeting of EC labour ministers in Nyborg, Denmark (until May 4). World Health Organisation opens week-long annual meeting at which 183 member states adopt budget and vote on executive board nomination.

TUESDAY: Lord Justice Scott expected to start hearings in arms-for-iraq inquiry. Assessing the first 100 days of the Clinton presidency, at the John F. Kennedy presidential library in Boston, Massachusetts. French Prime Minister Edouard Balladur visits London. Irish President Mary Robinson starts four-day official visit to Madrid. Trial begins in Sofia against former senior communist officials for setting up Soviet-style labour camps. Queen and Duke of Edinburgh begin state visit to Hungary (until May 7). AGM of Court-aids Textiles.

WEDNESDAY: UK official reserves (April). Nelson Mandela arrives in Britain for talks with PM. National strikes planned in Bucharest by Romanian trade unions. Seeking price curbs and higher wages. Official visit by Russian Foreign Minister Andrei Kozyrev to Brasilia to discuss trade issues (until May 6). First quarter result from BAT Industries.

THURSDAY: Cyclical indicators for UK economy (April). Mortgage lending (first quarter). Monetary statistics. Informal Meeting of EC Ministers of Justice (until May 7). First round Senegal parliamentary elections. AGM of Coats Vytelle. AGM of Standard Chartered.

LIFFE EQUITY OPTIONS											
CALLS			PUTS			CALLS			PUTS		
Option	Call	Put	Option	Call	Put	Option	Call	Put	Option	Call	Put
Alstom	500	40	50	50	20	27	50	40	50	50	20
Amgen	500	10	30	50	27	50	50	10	30	50	27
ASDA	50	6	12	-	-	4	50	6	12	-	-
BT	70	4	8	-	-	10	70	4	8	-	-
BSA	200	20	20	20	20	20	200	20	20	20	20
BTI	300	10	20	20	20	20	300	10	20	20	20
BSA	400	40	50	50	22	32	400	40	50	50	22
BSA	500	50	50	50	22	32	500	50	50	50	22
BSA	600	60	60	60	22	32	600	60	60	60	22
BSA	700	70	70	70	22	32	700	70	70	70	22
BSA	800	80	80	80	22	32	800	80	80	80	22
BSA	900	90	90	90	22	32	900	90	90	90	22
BSA	1000	100	100	100	22	32	1000	100	100	100	22
BSA	1100	110	110	110	22	32	1100	110	110	110	22
BSA	1200	120	120	120	22	32	1200	120	120	120	22
BSA	1300	130	130	130	22	32	1300	130	130	130	22
BSA	1400	140	140	140	22	32	1400	140	140	140	22
BSA	1500	150	150	150	22	32	1500	150	150	150	22
BSA	1600	160	160	160	22	32	1600	160	160	160	22
BSA	1700	170	170	170	22	32	1700	170	170	170	22
BSA	1800	180	180	180	22	32	1800	180	180	180	22
BSA	1900	190	190	190	22	32	1900	190	190	190	22
BSA	2000	200	200	200	22	32	2000	200	200	200	22
BSA	2100	210	210	210	22	32	2100	210	210	210	22
BSA	2200	220	220	220	22	32	2200	220	220	220	22
BSA	2300	230	230	230	22	32	2300	230	230	230	22
BSA	2400	240	240	240	22	32	2400	240	240	240	22
BSA	2500	250	250	250	22	32	2500	250	250	250	22
BSA	2600	260	260	260	22	32	2600	260	260	260	22
BSA	2700	270	270	270	22	32	2700	270	270	270	22
BSA	2800	280	280	280	22	32	2800	280	280	280	22
BSA	2900	290	290	290	22	32	2900	290	290	290	22
BSA	3000	300	300	300	22	32	3000	300	300	300	22
BSA	3100	310	310	310	22	32	3100	310	310	310	22
BSA	3200	320	320	320	22	32	3200	320	320	320	22
BSA	3300	330	330	330	22	32	3300	330	330	330	22
BSA	3400	340	340	340	22	32	3400	340	340	340	22
BSA	3500	350	350	350	22	32	3500	350	350	350	22
BSA	3600	360	360	360	22	32	3600	360	360	360	22
BSA	3700	370	370	370	22	32	3700	370	370	370	22
BSA	3800	380	380	380	22	32	3800	380	380	380	22
BSA	3900	390	390	390	22	32	3900	390	390	390	22
BSA	4000	400	400	400	22	32	4000	400	400	400	22
BSA	4100	410	410	410	22	32	4100	410	410	410	22
BSA	4200	420	420	420	22	32	4200	420	420	420	22
BSA	4300	430	430	430	22	32	4300	430	430	430	22
BSA	4400	440	440	440	22	32	4400	440	440	440	22
BSA	4500	450	450	450	22	32	4500	450	450	450	22
BSA	4600	460	460	460	22	32	4600	460	460	460	22
BSA	4700	470	470	470	22	32	4700	470	470	470	22
BSA	4800	480	480	480	22	32	4800	480	480	480	22
BSA	4900	490	490	490	22	32	4900	490	490	490	22
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BSA	5100	510	510	510	22	32	5100	510	510	510	22
BSA	5200	520	520	520	22	32	5200	520	520	520	22
BSA	5300	530	530	530	22	32	5300	530	530	530	22
BSA	5400	540	540	540	22	32	5400	540	540	540	22
BSA	5500	550	550	550	22	32	5500	550	550	550	22
BSA	5600	560	560	560	22	32	5600	560	560	560	22
BSA	5700	570	570	570	22	32	5700	570	570	570	22
BSA	5800	580	580	580	22	32	5800	580	580	580	22
BSA	5900	590	590	590	22	32	5900	590	590	590	22
BSA	6000	600	600	600	22	32	6000	600	600	600	22
BSA	6100	610	610	610	22	32	6100	610	610	610	22
BSA	6200	620	620	620	22	32	6200	620	620	620	22
BSA	6300	630	630	630	22	32	6300	630	630	630	22
BSA	6400	640	640	640	22	32	6400	640	640	640	22
BSA	6500	650	650	650	22	32	6500	650	650	650	22
BSA	6600	660	660	660	22	32	6600	660	660	660	22
BSA	6700	670	670	670	22	32	6700	670	670	670	22
BSA	6800	680	680	680	22	32	6800	680	680	680	22
BSA	6900	690	690	690	22	32	6900	690	690	690	22
BSA	7000	700	700	700	22	32	7000	700	700	700	22
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BSA	7300	730	730	730	22	32	7300	730	730	730	22
BSA	7400	740	740	740	22	32	7400	740	740	740	22
BSA	7500	750	750	750	22	32	7500	750	750	750	22
BSA	7600	760	760	760	22	32	7600	760	760	760	22
BSA	7700	770	770	770	22	32	7700	770	770	770	22
BSA	7800	780	780	780	22	32	7800	780	780	780	22
BSA	7900	790	790	790	22	32	7900	790	790	790	22
BSA	8000	800	800	800	22	32	8000	800	800	800	22
BSA	8100	810	810	810	22	32	8100	810	810	810	22
BSA	8200	820	820	820	22	32	8200	820	820	820	22
BSA	8300	830	830	830	22	32	8300	830	830	830	22
BSA	8400	840	840	840	22	32	8400	840	840	840	22
BSA	8500	850	850	850	22	32	8500	850	850	850	22
BSA	8600	860	860	860	22	32	8600	860	860	860	22
BSA	8700	870	870	870	22	32	8700	870	870	870	22
BSA	8800	880	880	880	22	32	8800	880	880	880	22
BSA	8900	890	890	890	22	32	8900	890	890	890	22
BSA	9000	900	900	900	22	32	9000	900	900	900	22
BSA	9100	910	910	910	22	32	9100	910	910	910	22
BSA	9200	920	920	920	22	32	9200	920	920	920	22
BSA	9300	930	930	930	22	32	9300	930	930	930	22
BSA	9400	940	940	940	22	32	9400	940	940	940	22
BSA	9500	950	950	950	22	32	9500	950	950	950	22
BSA	9600	960	960	960	22	32	9600	960	960	960	22
BSA	9700	970	970	970	22	32	9700	970	970	970	22
BSA	9800	980	980	980	22	32	9800	980	980	980	22
BSA	9900	990	990	990	22	32	9900	990	990	990	22
BSA	10000	1000	1000	10000	1000	22	10000	1000	10000	1000	22
BSA	10100	1010	1010	10100	1010	22	10100	1010	10100	1010	22
BSA	10200	1020	1020	10200	1020	22	10200	1020	10200	1020	22
BSA	10300	1030	1030	10300	1030	22	10300	1030	10300	1030	22
BSA	10400	1040	1040	10400	1040	22	10400	1040	10400	1040	22
BSA	10500	1050	1050	10500	1050	22	10500	1050	10500	1050	22
BSA	10600	1060	1060	10600	1060	22	10600	1060	10600	1060	22
BSA	10700	1070	1070	10700	1070	22	10700	1070	10700	1070	22
BSA	10800	1080	1080	10800	1080	22	10800	1080	10800	1080	22
BSA	10900	1090	1090	10900	1090	22	10900	1090	10900	1090	22
BSA	11000	1100	1100	11000	1100	22	11000	1100	11000	1100	22
BSA	11100	1110	1110	11100	1110	22	11100	1110	11100	1110	22
BSA	11200	1120	1120	11200	1120	22	11200	1120	11200	1120	22
BSA	11300	1130	1130	11300	1130	22	11300	1130	11300	1130	22
BSA	11400	1140	1140	11400	1140	22	11400	1140	11400	1140	22
BSA	11500	1150	1150	11500	1150	22	11500	1150	11500	1150	22
BSA	11600	1160	1160	11600	1160	22	11600	1160	11600	1160	22
BSA	11700	1170	1170	11700	1170	22	11700	1170	11700	1170	22
BSA	11800	1180	1180	11800	1180	22	11800	1180	11800	1180	22
BSA	11900	1190	1190	11900	1190	22	11900	1190	11900	1190	22
BSA	12000	1200	1200	12000	1200	22	12000	1200	12000	1200	22
BSA	12100	1210	1210	12100	1210	22					

INTERNATIONAL COMPANIES AND FINANCE

Cost control helps Aetna to exceed expectations

By Karen Zagor in New York

AETNA Life & Casualty, one of the highest US composite insurers, yesterday reported better-than-expected first-quarter earnings, due to strong cost-control efforts which reduced the impact of continuing weakness in its property-casualty division.

Stripping out discontinued operations and the impact of accounting changes in the 1992 quarter, Aetna's earnings slipped to \$191.3m in the first three months of 1993 from \$201.3m last year.

Net income was \$166.3m, or \$1.51 a share, on revenues of \$4.29bn. A year earlier, the company had net earnings of \$118.7m, or \$1.07, on revenues of \$4.32bn.

Earnings included catastrophe losses of \$31m in the latest

quarter, against \$4m a year ago. Net realised capital gains totalled \$22m, against \$75m a year earlier.

The company increased additions to reserves for troubled mortgage loans and property losses to \$70m, from \$41m a year earlier. This was offset by gains of \$94m, largely from the sale of bonds, compared with \$117m in the 1992 quarter.

Mr Ronald Compton, chairman, said the company continued to be hurt by adverse conditions in commercial real estate markets.

Operating expenses fell 10 per cent, and earnings benefited from gains in the group health, individual life and annuities businesses.

Aetna's personal property-casualty business made a loss of \$8m, compared with earnings of \$14m a year earlier.

Although the company has withdrawn or reduced its exposure to markets in which it could not earn an acceptable profit, the benefits were partly offset by reduced net investment income.

Earnings from commercial property-casualty insurance operations slipped to \$40m from \$46m a year ago, reflecting lower charges for additions to loss and loss expense reserves for prior accident years, as well as lower operating expenses.

Financial services income rose to \$31m from \$20m due to investment gains on futures contracts and strong annuity earnings, which helped offset weak conditions in commercial real estate markets.

The life and health business made a profit of \$76m compared with \$70m last year.

L170bn sale ends Pirelli disposal programme

By Haig Simonian in Milan

PIRELLI, the Italian tyres and cables group, has completed its wide-ranging asset disposal programme with the L170bn (\$115m) sale of its power transmission unit to Mark IV Industries of the US.

Pirelli started selling the seven business units in its diversified products division in early 1992, after its aborted takeover of Continental, its bigger German rival, left it facing heavy losses. Pirelli said the disposals would realise about L1,000bn - a target it claims has been exceeded.

The latest sale, which involves operations in Italy, the US and Spain, as well as marketing offices in four other countries, will produce an extraordinary gain of L10bn. The power transmission division produces rubber belts for a variety of industrial uses. Sales last year amounted to L260bn and the operation has 1,550 employees.

A final price for the deal will depend on audits under way. However, the L170bn estimate includes L70bn in debt.

Pirelli expects to complete the transaction by the end of next month.

La Rinascente, the Italian retailing group controlled by Fiat, raised consolidated sales by 13.5 per cent to L1,617bn in the year to April 28. Adjusted for closures, the increase amounted to 14.8 per cent, it said.

The group denied negotiations on its sale were under way, in spite of expressions of interest from other retailers after Mr Giovanni Agnelli, Fiat's chairman, said Rinascente was no longer a "strategic" asset.

Citic undaunted by past blemishes

The chairman of the Chinese investment body talks to Tony Walker

MR Wei Mingyi, the new chairman of China International Trust and Investment Corporation (Citic), has secured one of his country's more sought-after jobs, but also one of its most testing.

The 68-year-old Mr Wei, elevated last month to the Citic chairmanship, inherits an increasingly complex international conglomerate with a heavy debt burden and a far from unblemished record in investing abroad.

Mr Wei seems undaunted, however, and has little thought of slowing Citic's rapid growth. Rather, he is intent on pushing ahead on several fronts.

"If a company constrains itself by consolidating at a certain level, then I think that company wouldn't have a future," he said at Citic's Beijing headquarters. "Business is always aggressive: maybe, sometimes you win, sometimes you fail, but you must be aggressive."

Mr Wei's philosophy is certainly consistent with the "go-go" mood of China, although his remarks are perhaps surprising, considering that he has spent most of his working life serving communism, much of it in his country's state-controlled electronics industries. Citic, itself state-owned, could hardly present a greater contrast to China's lumbering state sector.

Founded in 1979 with capital of Yn30m (\$5m) as a fund for foreign investment into China, its global assets total more than Yn50bn, spread among 29 subsidiaries and affiliates.

Among its more active overseas subsidiaries are Citic Hong Kong (Holdings), through its Citic Pacific, and Citic Australia. Both have been on the acquisition and expansion trail recently.

In January, Citic Pacific acquired from its Hong Kong



Wei Mingyi: 'sometimes you fail, but you must be aggressive'

parent a 12 per cent stake in Hong Kong Telecommunications. Other recent investments include a controlling share of the Shanghai Children's Food Factory, and substantial interests in two mainland power projects.

Citic Australia announced in March that it had purchased 10 per cent of Yachuan International Company, the Japanese retailer. Its main investment is a 70m stake in the Portland aluminium smelter in the southern Australian state of Victoria. It is also planning a stake in the Australian coal industry, and has linked with Hamhros Australia to establish a joint venture securities firm - the first such investment abroad by a Chinese company in the financial services sector.

Citic, said Mr Wei, would like to expand further, but is cautious about the international outlook.

The chairman was probably speaking from chastening experience, investment in a pulp and paper mill in Canada's British Columbia has gone sour, due to a slump in prices; in the US, the 1988 purchase of

a Delaware steel mill has yielded little but heartache.

Mr Wei said 25 per cent of Citic's business interests were overseas, about half in Asia. Ideally, Citic would like to lift its foreign investments to 50 per cent of the total, but this would require additional substantial borrowing which the organisation could not afford at this stage.

The chairman estimated liabilities at about Yn40bn, against assets of Yn50bn. He described the ratio as not satisfactory and indicated that Citic favoured steps to reduce indebtedness, although prospects for achieving this do not appear bright in the short-term. Foreign liabilities, including loans and bonds, are put at \$2.5bn. Last month alone, Citic raised almost \$200m in separate international bond issues in Japan and Singapore.

Depreciation of the Chinese currency by about 30 per cent against the US dollar in the past year has not made Citic's task any easier. "My daily worry is servicing our loans,"

said Mr Wei. "But we cannot keep our money in the bank: we have to keep it moving."

Foreign bankers have occasionally questioned Citic's ability to continue rapid expansion funded partly by international borrowing - especially as a sizeable portion of its investments and energies are tied up in low-yielding or loss-making mainland state enterprises, and in infrastructure projects. Bankers assume, but do not take for granted, that the state would step in if required.

Mr Wei said, somewhat ruefully, that in line with state priorities, Citic was obliged to invest in low-return, long-term projects in energy, transportation and heavy industry. To balance those investments, Citic was also engaged in "quick return" projects in real estate, retailing, tourism and food processing.

He dated the organisation's drive abroad to the credit squeeze of 1988, when China clamped down on most business activity. It was then that Citic made its push into Hong Kong, leading to stakes in Hong Kong Telecom (12 per cent), Cathay Pacific (12.5 per cent) and Dragonair (46.2 per cent).

One of Citic's features, according to Mr Wei, is the autonomy it gives its subsidiaries. Larger investment decisions are referred to Beijing, but for the most part subsidiaries are left alone. They are set targets, and if they exceed them a percentage of profits is distributed as bonuses.

This approach certainly accords with Mr Wei's business philosophy - with Chinese characteristics which he expressed thus: "A market economy is a market economy whether socialist or capitalist. We call it socialism because the capital comes from the nation and not from private hands."

Santander to reduce its lending rates on Monday

By Tom Burns in Madrid

BANCO Santander, the Spanish bank, yesterday broke with the tight monetary policies imposed by the Bank of Spain and said it would lower significantly its lending rates on Monday.

The bank said it was cutting its rates on mortgages, consumer credits, leasing and factoring by between 1 per cent and 1.5 per cent, and set its preferential lending rate at 12 per cent.

The Bank of Spain, which is intent on maintaining the parity value of the peseta, has kept its benchmark intervention rate firm at 13 per cent, ignoring interest cuts elsewhere in Europe, and has kept the interbank rate at about 15 per cent.

"There is a difference between what the Bank of Spain does and what the market wants," said Mr Rodrigo Echenique, managing director of the Santander group. "The market is clamouring for lower rates."

Telefonica, Spain's state-controlled telecommunications company and one of the most traded stocks on the Madrid stock market, raised its 1993 first-quarter net profits by 15.9 per cent to Ptas14bn (\$20.7m).

The depressed economic conditions restricted growth in installed new lines during the quarter to 1.7 per cent. Operating profit rose by 8.5 per cent to Ptas285bn.

Vereinsbank ahead 4.4% in first period

By David Waller in Frankfurt

BAYERISCHE Vereinsbank yesterday reported that group partial operating profits - which exclude own-account trading gains - rose 4.4 per cent in the first three months of the current year to DM386m (\$239.7m), an increase of DM16m over the comparable period for last year.

Total group profit, including trading gains, increased at a higher rate, the Bavaria-based bank said, without giving any figure.

Mr Albrecht Schmidt, chief executive, told the annual meeting that performance in the first quarter was "satisfactory". He said that, as expected, the pace of business

growth had slowed during the course of the current year.

The group balance sheet grew by 3.5 per cent to DM280.5bn. At the parent company, the balance sheet grew by 2.3 per cent and partial operating profits climbed by 6.6 per cent to DM255m.

The figures show a slowdown from the record rate of growth enjoyed last year, when group partial operating profits rose by 24.1 per cent to DM1.48bn, but suggest that the banking sector is continuing to enjoy a degree of immunity from the downturn affecting the German economy.

The figures do not include provisions for bad or doubtful debts, which are struck only after operating profits.

UK, US gases groups take stakes in Polish producers

By Christopher Robinson in Warsaw and Daniel Green in London

BOC, the UK industrial gases group, and Liquid Carbonic, the US, yesterday agreed to pay more than \$40m between them for 70 per cent stakes in five Polish producers of industrial gases.

According to Poland's Ministry of Industry, the companies have also committed "up to \$15m" over the next five years to modernise production and distribution.

BOC has acquired three companies in Poznan, Siewierz and

Wroclaw, while Liquid Carbonic, a subsidiary of Illinois-based CBI Industries, has bought plants in Warsaw and Gliwice.

Liquid Carbonic will pay \$15.2m to the state treasury and invest \$5.2m in the two plants it has bought.

BOC said it was committing \$30m to the plants over five years.

The five Polish enterprises reported revenues worth \$42.6m in 1991.

Poland's industry ministry was advised in the deal by Midland Montagu and Bain and Co.

Sabena posts Bfr975m loss

By Alice Rawsthorn in Paris

SABENA, the parent company of the Belgian national airline, made a loss of Bfr975m (\$30m) in 1992, reports from Brussels. Comparative figures for 1991 were not available.

The loss was due to a general depression in airline business. Increased competition and lower revenue on cargo, the company said. The strength of the Belgian franc against other currencies also weighed on the company.

Last month, the Sabena group announced a 1992 consolidated profit of Bfr6m against a 1991 loss of Bfr2.4bn.

Euro Disney names new chief financial officer

By Alice Rawsthorn in Paris

EURO DISNEY, the troubled leisure group which earlier this week announced heavy interim losses and plans to raise new capital, has appointed Mr Michael Montgomery, an executive with Walt Disney, its parent company, as chief financial officer.

Mr Montgomery's appointment is the latest in a series of senior management changes at Euro Disney in the year since the opening of its EuroDisneyland theme park outside Paris.

He succeeds Mr John Forsgren, who becomes vice-chairman. Euro Disney said the change was "purely routine" and stressed that Mr Forsgren was being promoted to his new role, where he will be responsible for the group's relations with the financial and political communities.

However, Mr Montgomery, formerly treasurer of Walt Disney, which owns 49 per cent of Euro Disney, will take responsibility for financial operations.

Both he and Mr Forsgren will report to Mr Philippe Bourguignon, who last year took over as Euro Disney's chairman.

GM rejects request for recall of pick-up trucks

By Patrick Harverson in New York

GENERAL MOTORS yesterday rejected the US government's request that the vehicle manufacturer recall 4.7m pick-up trucks because of concerns about possible design flaws.

As part of a vigorous defence of its safety record, GM argued that its trucks performed within federal safety requirements when tested recently by the National Highway Traffic Safety Administration.

Last month, the NHTSA asked the government to request the trucks' recall because it believed the placing of the fuel tanks outside the vehicles' frames made them more prone to fire risk in a collision.

GM, however, said that the NHTSA judged the GM trucks unsafe compared to other manufacturers' trucks because it applied safety standards beyond those normally set by the government.

The company also said the NHTSA ignored safety data compiled by state authorities which showed that its trucks were as safe, or safer than, other similar models.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest price	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	\$355.75	+11.8	\$337.25	\$355.75	\$326.05
Silver per troy oz.	273.35p	+2.1	225.95p	273.35p	236.00p
Aluminium 99.7% (cash)	\$1115.0	+21	\$1289.5	\$1236.5	\$1108
Copper Grade A (cash)	\$1189.5	-2.5	\$1234	\$1263.5	\$1176.5
Lead (cash)	\$282	-8.5	\$292.5	\$299	\$292.00
Nickel (cash)	\$2840	-17.5	\$2790	\$2840	\$2735
Zinc SHG (cash)	\$1007.5	+1.5	\$1071.5	\$1112	\$981.5
Tin (cash)	\$5550	-35	\$5870	\$6047.5	\$5925
Cocoa Futures (Jul)	\$984	+3	\$989	\$751	\$581
Coffee Futures (Jul)	\$904	+38	\$728	\$985	\$836
Sugar (LDP Raw)	\$314.10	-0.1	\$299	\$317.4	\$204.5
Barley Futures (Sep)	\$106.90	-2.3	\$117.25	\$110.30	\$106.90
Wheat Futures (May)	\$145.05	-0.7	\$125.5	\$145.45	\$138.95
Cotton Outlook A Index	\$0.65c	-1.25	\$0.95c	\$2.55c	\$4.75c
Wool (Ske Super)	\$336	-4	\$444p	\$439p	\$389p
Oil (Brent Blend)	\$19.16c	+0.27	\$18.77c	\$19.53	\$16.65

For latest unless otherwise stated. *Unquoted. p=previous. c=cash. s=futures.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB May)

Dubai \$15.65-6.82 +1.48

Brent Blend (dated) \$18.89-8.85 +2.35

Brent Blend (Jun) \$19.15-9.17 +1.35

WTI (1 pm est) \$20.55-0.50u +1.35

Oil products

(NWE prompt delivery per tonne CIF)

Premium Gasoline \$213-215 +1

Gas Oil \$185-184 -3

Heavy Fuel Oil \$17-79

Naphtha \$184-185 +1

Other

Gold (per troy oz) \$356.75 +0.5

Silver (per troy oz) \$235.5 +0.5

Platinum (per troy oz) \$386.5 +2

Palladium (per troy oz) \$116.35 -0.5

Copper (US Producer) 68.5c

Lead (US Producer) 33.50c

Tin (Kuala Lumpur market) 14.00p

Zinc (New York) 287.0c

Tin (US Prime Western) 62.0c

Cattle (live weight) 135.80p

Sheep (live weight) 136.00p

Pigs (live weight) 64.50p

London daily sugar (raw) \$214.10

London daily sugar (white) \$204.0

Tate and Lyle export price \$212.50 +1.5

Barley (English feed) 11m

Malze (US No. 3 yellow) 11m

Wheat (US Dark Northern) 11m

Rubber (Latex) 55.50p

Rubber (RSS No 1 May) 210.0m

Cocunut oil (Philippines) \$407.5p

Palm oil (Malaysia) \$380.0

Cocoa (Philippines) \$178.0c

Cocoa "A" index 60.55c

Wool (Ske Super) 336p

c = tonnes unless otherwise stated. p=prompt. m=month. u=unquoted. s=futures. d=daily. e=export. f=futures. w=week. y=year. z=zero.

COCOA - London FOX

May 951 655 694 658

Jun 954 662 694 677

Sep 958 666 698 691

Dec 968 715 718 711

Mar 736 735 738 731

May 730 730 742 732

Jul 734 734 742 732

Sep 777 777 781 778

Nov 822 822 822 820

Turnover: 9944 (1979) lots of 10 tonnes

ICE Index: 95.36 (21.02) 10 day average for Apr 30 714.83 (21.02)

COFFEE - London FOX

May 907 878 910 893

Jun 894 878 915 896

Sep 904 874 915 896

Nov 914 883 915 908

Mar 917 890 922 915

May 925 902 925 903

Turnover: 5076 (2851) lots of 5 tonnes

ICE Index: 95.36 (21.02) 10 day average for Apr 30 714.83 (21.02)

POTATOES - London FOX

May 47.0 47.7 48.0 45.5

Jun 47.5 47.2 47.0 45.5

Turnover: 91 (73) lots of 20 tonnes

BOYABEAL - London FOX

Aug - 138.00

Turnover: 0 (22) lots of 20 tonnes

PHEASANT - London FOX

May 1517 1528 1520 1517

Jun 1415 1416 1415 1412

Oct 1294 1295 1295 1294

Nov 1400 1410 1400

Jan 1254 1254

Turnover: 210 (257)

GRAINS - London FOX

Wheat: 108.30 108.75 108.30

Sep 110.80 110.75 110.90

Barley: 138.75 138.25 138.75

May 138.75 138.25 138.75

Turnover: 138.75 (51), Barley 11 (50)

Turnover: 140 (100) tonnes

PHEAS - London FOX

May 113.0 113.0

Jun 105.7 105.7

Jul 100.0 103.0 100.0 102.5

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar buoyed by T-Bill cut

THE DOLLAR was trapped in a tight range against the D-Mark yesterday, buoyed by another indication that the Bundesbank is cutting rates but depressed by more news on the US economy, writes James Bly.

The dollar rose by around a penny in the European afternoon, peaking at DM1.5905, after the Bundesbank cut its 3-day Treasury Bill rate by 50 basis points to 7 per cent.

Changes in the Treasury bill rate, which the Bundesbank uses to mop up excess money market liquidity, tend to be a lagging indicator of its monetary policy.

However, yesterday's cut brought the T-Bill rate some 50 basis points below the discount rate of 7.50 per cent, raising speculation that the general structure of German rates could soon be lowered again.

Miss Alison Cottrell, an economist at Midland Global Markets, pointed out that this was

the first time the rate had ever been below the discount rate which sets the floor for all money market rates.

"Why should the Bundesbank take the T-Bills to a they intend to give the message that it won't be meaning less for long?" she asked.

However, the dollar failed to make any further ground in the afternoon which saw more indications that the US economy is growing only slowly.

Mr Neil MacKinnon, chief currency strategist at Citibank in London, said yesterday's figure for personal consumption, showing a decline of 0.2 per cent in March against expectations of a 0.1 per cent drop, was a particularly worrying sign for the US economy.

In his view, the first quarter GDP figure, which earlier this week showed annualised growth of 1.8 per cent, will be revised down on May 29, 70th week's figure for 1992 money

supply, showing a net drop of \$9.4bn, also underlines that bullish US growth forecasts may need to be revised. The dollar closed in London yesterday at DM1.5815, up from a previous DM1.5815.

The US currency checked its decline against the yen in Friday's Tokyo trading, following the conclusion of the G7 finance ministers meeting in Washington.

The dollar had weakened to around ¥111.25 in Tokyo as dealers took the view that there was no commitment in the G7 communiqué to halt the yen's recent rise. The dollar closed at ¥111.12 in London.

Sterling closed 4½ of a pence up on the day against the D-Mark, at DM2.4925, following the change in German rates. However, with no important UK indicators due next week, the currency is unlikely to break through the DM2.50 level in the next few days.

£ IN NEW YORK

Apr 30	Latest	Previous
2 spot	1.5700-1.5715	1.5700-1.5710
1 month	0.42-0.41pm	0.42-0.41pm
3 months	1.18-1.14pm	1.17-1.15pm
12 months	4.20-4.25pm	4.20-4.25pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

Apr 30	Latest	Previous
2 spot	80.9	80.9
1 month	80.9	80.9
3 months	80.9	80.9
12 months	80.9	80.9
100	80.9	80.9
100	80.9	80.9
100	80.9	80.9
100	80.9	80.9
100	80.9	80.9

CURRENCY RATES

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

CURRENCY MOVEMENTS

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

OTHER CURRENCIES

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

FORWARD RATES AGAINST STERLING

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

MONEY MARKETS

T-Bill rate cut again

THE BUNDESBANK yesterday triggered speculation that it would ease its official interest rates again in the next few weeks, by cutting its 3-day Treasury Bill rate by 50 basis points to 7.00 per cent, writes James Bly.

The provision of 3-day Treasury bills to the money market provides the Bundesbank with a method of mopping up excess liquidity.

Some analysts see these bills as a relatively unimportant instrument for the conduct of monetary policy compared to the Lombard and discount rates.

UK clearing bank base lending rate 6 per cent since January 26, 1993

UK clearing bank base lending rate

6 per cent since January 26, 1993

However, Mr Jonathan Hoffman of Credit Suisse First Boston, believes that this latest cut, which brings the T-Bill rate 50 basis points below the discount rate, is an important signal that the Bundesbank wants to ease policy again.

In his view, commercial banks will be more willing to lend money to the Bundesbank at the lower T-Bill rate because of the value of the Bundesbank as an interbank counterparty.

But in turn, should soften Germany call money, which is currently at 7.71 per cent, bringing pressure on the discount rate floor, at 7.5 per

EMS EUROPEAN CURRENCY UNIT RATES

Unit	Apr 30	Latest	Previous
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

POUND SPOT - FORWARD AGAINST THE POUND

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

EURO CURRENCY INTEREST RATES

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

EXCHANGE CROSS RATES

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

FT LONDON INTERBANK FIXING

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

MONEY RATES

NEW YORK

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

LONDON MONEY RATES

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

TRADING RATES

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

LIFE LONG ONLY FUTURES OPTION

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

LIFE LONG ONLY FUTURES OPTION

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

LIFE LONG ONLY FUTURES OPTION

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

LIFE LONG ONLY FUTURES OPTION

Apr 30	Bank	Spot	Forward
US Dollar	1.5700	1.5700	1.5700
Swiss Franc	0.8000	0.8000	0.8000
Japanese Yen	111.12	111.12	111.12
French Franc	166.67	166.67	166.67
Italian Lira	2036.36	2036.36	2036.36
Spanish Peseta	166.67	166.67	166.67
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	2.20	2.20	2.20
German Mark	1.5815	1.5815	1.5815

LIFE LONG ONLY FUTURES OPTION

closed exclusively on APT				
MOTORIAL ITALIAN GOVT. BOND (5YR) -				
20m 1000lb of 100%				
	Close	High	Low	Prev.
	96.25	98.45	94.90	96.90
	96.15	98.30	95.50	96.81
closed volume 26525 (27104)				
previous day's open int. 42093 (42093)				
MOTORIAL SPANISH GOVT. BOND (5YR)				
20m 1000lb of 100%				
	Close	High	Low	Prev.
	91.15	92.90	90.75	91.00

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 4.30 pm on Thursday and are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

* Bargains at special prices. † Bargains done the previous day.

British Funds, etc

100 of bargains included 2297

Treasury 131.5% 2000000 - £129.4

130.1 - 130.2

Extracare 10.1 - 10.2 20000 - £116

Guaranteed General Finance Corp PLC

12.1 - 12.2 20000 - £126.4

Corporation and County

Stocks 100 of bargains included 101

Gravelton Corp 3.1 - 3.2 20000 - £126.5

Leeds City 131.1 - 131.2 20000 - £132

132.1 - 132.2

Manchester Corp 132.1 - 132.2 20000 - £132

132.1 - 132.2

Reading Corp 3.1 - 3.2 20000 - £126.5

UK Public Boards

100 of bargains included 2

Agri-Marketing Corp PLC 10.1 - 10.2 20000 - £126.5

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Barclays Bank PLC 8.1% 20000 - £126.5

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FT-SE Index regains the 2,800 level

By Terry Byland,
UK Stock Market Editor

MARK PRESSURES ON THE UK stock market yesterday and share prices staged a spirited recovery, comfortably regaining the 2,800 mark ahead of the extended weekend break. With both government bonds and stock index futures in better heart, the FT-SE index regained 26 points of the week's loss, encouraged by renewed buying of the retail and consumer sectors still seen as immediate beneficiaries from economic recovery.

Trading volume, sluggish at first, took in some small trading programmes and was boosted in late dealing when Wall Street opened the new

Account Dealing Dates			
First Dealing	May 10	May 24	
Options Dealing	May 8	May 20	Jun 6
Last Dealing	May 7	May 21	Jun 4
Account Day	May 1	Jun 1	

*New share dealing takes place from 9.30am to 3.30pm on the day.

session with a gain of 13 points on the Dow Industrial Average.

The London market closed at the best of the day with the FT-SE index up 26.3 to 2,813.1. Yesterday's recovery reduced the week's fall on the Footsie to 29.9 points, or around 1 per cent.

The focus put on the blue chips this week by selling pressure from stock index futures

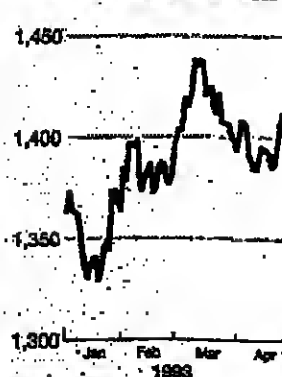
has been reflected in a relatively better performance by the FT-SE Mid 250 Index, which climbed by 21.7 to 3,132.1 yesterday.

The Mid 250 Index has lost only a few points this week and remains well within 1 per cent of the all-time peak reached on March 19.

While the cut in bill rates by the Bundesbank was seen as no more than a technical adjustment, this fresh evidence of the downward drift in rates in continental Europe encouraged what was at first a slow recovery in UK government bonds.

By the close of trading, long-dated UK gilts were ahead by around 40c, index-linked government issues, the bond market's

FT-A All-Share Index



Source: FT-SE

inflation-hedged securities, eased by about 1/4 of a point. The day's Seag total of 526.1m shares finally measured

well against Thursday's 542.1m, which was worth £1.14bn in retail business. Non-Seag business returned to more average daily volume, making up some 62 per cent of yesterday's business.

Market traders said that the market appeared to have returned to calmer waters after the stormy sessions seen at the beginning of the week, and hoped that this week's setback was nothing more than an expected shakeout inside an established trading range.

However, investors still appeared to be avoiding the overseas earnings stocks yesterday as sterling remained firm, and there were doubts over hanging prospects for Wall Street.

ICI bucks end of grey trade

US BUYING gave a lift to ICI although liquidity was cut back after the Stock Exchange stamped on the recently introduced "grey" market in the shares of the soon to be demerged company.

There were suggestions that complaints might have been lodged by other leading securities houses. Salomon Brothers which had been making an unofficial market in ICI "new" shares and in Zeneca, the bio-science arm, bowed to exchange pressure yesterday and pulled out, at least until May 12 when the anticipated £1.3bn rights issue will be priced. The final grey-market price for Zeneca was 90p and for ICI ex the demerger was 50p. All trades done since Salomon opened the market on Tuesday will be honoured.

The underlying shares, which shot up on Thursday following higher than expected first-quarter results, added a further 11 to close at 1269p, their highest level since June last year. However, one cynical analyst argued: "The chickens are going to come home to roost after the demerger."

Oils wanted

Better first quarter results than expected from Shell Oil, Shell Transport's US subsidiary, prompted renewed heavy US buying of the UK's two oil majors.

Shell Oil's profits of £28m compared with £18.5 for the same period last year and were seen as best set of quarterly

numbers since 1988.

The shares, unsettled earlier in the week as a number of big US institutions switched out of the stock and into BP, staged a modest rally yesterday to close 3 1/4 at 544p on turnover of 5.8m. But specialists said they felt a closer scrutiny of Shell US's numbers would trigger a strong response in Shell shares when the London market reopens on Tuesday.

"These are super figures," said Mr Nick Clayton, oil analyst at Smith New Court, who said Shell's streaming in now coming right after years of poor performance by the company. Mr John Tolstier at SGST, the French-owned stockbroker and renowned bear of BP, said: "The true recovery story in the oil majors is not BP but Shell."

BP boosted earlier this week by big switching from Shell, nevertheless continued to gain

ground following renewed US support. "What's good for Shell is good for BP," said another oil analyst. BP set to announce first quarter figures next Thursday rose 7 to 292 1/2p.

RMC strengthens

Building specialists gave an immediate thumbs up to the merger of RMC's two German operations, Readymix AG and Readymix Berlin, which they said would give a substantial boost to the company's earnings, cash flow and costs in that country. A series of broker upgrades are said to be in the pipeline.

RMC shares spearheaded a general surge in the building materials sector, closing 34p stronger at 675p, the highest level since September 1991, albeit on disappointing turnover of only 1.5m shares.

Medallion, also heavily

involved in the building materials market in Germany, lifted 13 to 445p.

UB firmer

United Biscuits were firmer in a stronger market, boosted by a broker buy note, and renewed bid speculation ahead of the long holiday weekend.

The buy note from agency broker James Capel was based on recovery prospects for Keebler, the US unit. The shares rose 1/2 to 428p also helped by a return of bid speculation although most analysts were sceptical and the turnover of 3.8m shares provided little opportunity for stake building.

Recent speculation has focused on Cadbury Schweppes off a penny at 451p, and Hanson up 1 1/4 at 231p, as likely bidders. The composite insurance sector was given substantial support by Credit Lyonnais Laing ahead of the first-quarter results season which gets underway later this month. "We think there is good momentum in the composites," said Mr Charles Coyne at CLT.

The broker is particularly bullish about Royal where it sees its current year forecast of a 54m loss as "extremely conservative".

Commercial Union, rated a

buy by CLT, settled 5 higher at 591p after confirmation that the group's exposure to the Bhopal gas disaster would be no more than £25m. Royals eased to 318p.

Barclays added 7 to 429p and NatWest eased 3 to 458p after NatWest Benson reaffirmed its switch recommendation. Press suggestions of big losses by marketmakers S.G. Warburg and Kleinwort Benson, after the setbacks in equities and derivatives this week, were rejected by senior traders around the markets. Warburg shares rallied 9 to 632p and Kleinwort put on 4 to 285p.

A buy recommendation helped Bente's Holdings to an early rise. Kleinwort Benson said the news and electronic information group had hit its lowest rating since flotation in 1984. The shares were up 14 in early trade but the gains were flattened out and closed 5 higher at 1259p.

Conglomerate Lonrho was the most heavily traded stock in London yesterday as chart analysts predicted that the share price would hit 150p over the medium to long term.

The shares will be helped by the higher price of precious metals. The stock gained 5 to 98 1/2p, a turnover of more than 12m.

FT-SE Actuaries Share Indices

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FT-SE MID 250 3132.1 +21.7

FT-A ALL-SHARE 1388.8 +11.7

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A buy recommendation helped Bente's Holdings to an early rise. Kleinwort Benson said the news and electronic information group had hit its lowest rating since flotation in 1984. The shares were up 14 in early trade but the gains were flattened out and closed 5 higher at 1259p.

Conglomerate Lonrho was the most heavily traded stock in London yesterday as chart analysts predicted that the share price would hit 150p over the medium to long term.

The shares will be helped by the higher price of precious metals. The stock gained 5 to 98 1/2p, a turnover of more than 12m.

FT-SE Actuaries Share Indices

FT-SE 100 2813.1 +26.3

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FT-A ALL-SH

**AUTHORISED
UNIT TRUSTS**[illegible]

0.00	4.52
-0.50	0.27
-0.25	0.57
-0.50	1.03
-2.00	3.53
-0.25	0.36
-0.50	1.80
DJF	
0.25	7.44
-0.10	0.65
-0.32	1.06
-0.08	1.03
-0.10	0.00
—	2.19
-0.15	2.26
-0.40	1.24
JF	
-0.07	0.50
-0.40	0.22
-0.40	0.22
-0.70	1.40
-1.00	1.40
-0.10	0.71
-0.20	0.71
-0.70	0.90
-1.00	0.30
-0.20	0.36
-0.70	0.36

1.20	1.54
1.00	1.54
0.38	4.25
0.38	4.25
E	
-220	0.490
	1.89
0.44	0.00
0.02	1.25
-0.19	1.90
-0.09	0.00
-0.31	0.50
+0.05	0.88
-0.12	0.00
-0.20	2.00
-0.10	2.56
08 766966	
0.05	4.03
-0.23	-
+0.5	1.43
+0.1	2.35
-0.1	5.13
-0.42	0.81
+1.4	1.28
-0.97	0.27
+1.1	-
-1.2	1.40

0.54 2.44
-0.06 1.06
-0.27 4.67
+0.5 1.94
-0.37 8.08
+1.48 6.93
+0.2 4.66
-0.3 3.62
-0.6 4.91
+0.3 6.00
+0.3 1.73
+0.1 -
-0.3 -
-0.67 -
-0.1 0.98
+0.4 1.67
+0.9 2.74
+0.5 4.03
+0.7 0.75
+0.4 4.14
-1.9 0.35
-0.1 0.73
+0.3 2.91
+0.25 2.40
-0.01 2.13
+0.3 9.41
+0.8 0.91

0.00	226540
-2.18	0.58
-2.39	0.58
-1.39	0.01
-1.60	0.81
-0.41	1.52
-2.43	1.35
-0.18	0.32
-0.18	0.33
-0.53	0.00
-0.53	0.00
-0.15	8.80
-0.17	8.80
-0.03	8.88
-0.04	8.85
-0.65	8.30
-0.05	5.30
-1.39	4.00
-0.28	4.00
-0.25	0.00
-0.29	0.00
-0.29	0.00
-0.39	0.40
-0.39	0.40
-0.54	1.54
-0.73	1.04

[illegible]

05	2.60
05	2.58
50	0.00
30	0.00
TH	
04	2.00
20	4.43
20	5.13
31	1.20
03	3.72
14	3.21
01	5.38
14	-
08	1.00
09	1.00
454422	
	1.00
17	2.92
21	2.92
17	2.45
2	2.45
18	2.78
03	0.77
03	2.34
15	2.09
03	2.31
07	2.31

25	2.94
26	2.94
10	4.46
12	4.46
24	1.72
25	1.73
28	1.67
12	2.67
27	1.38
25	2.21
2	2.94
2	0.07
3	0.64
7	1.23
11	1.21
48	6.180
29	2.65
29	2.03
29	1.06
29	1.06
29	2.94
29	2.94
29	2.14
29	2.14
29	3.81
29	3.81
29	3.82

2	2.30
2	2.30
2	3.74
2	3.74
2	2.12
2	2.12
2	1.45
2	1.45
2	0.00
2	0.00
2	0.57
2	0.57
2	1.47
2	1.47
2	1.86
2	1.86
2	2.97
2	2.97
2	2.340
2	3.08
2	3.08
2	1.23
2	1.23
2	1.23
2	1.47
2	1.67
2	2.97
2	2.97

0.24
3.18
4.15
4.15
1.10
1.16
0.38
0.28
-
6.87
0.87
2.31
3.31
0.40
0.36
5.36
351510
14.58
257810
0.65
6.16
-
1.91

INITIAL CHARGE: _____ HISTORIC CHARGING: _____

CANCELLATION PRICE: The minimum redemption price. The minimum spread between the offer and bid prices is determined by a formula tied

TIME: The time shown alongside Inc flux reamers is time to Inc flux of the call item's evaluation point unless another time is indicated by

point, a short period of time may elapse before prices become available.

26-31 Mortmain, London EC3N 8PA 071-584 0000

SECURITY WINDOW Fund Manager (200000)	
PO Box 902, Edinburgh EH10 5BU	03-668 9724
Equity Acc - - - - - 0	405.6 467.3 498.9 -7.4 31.8
Equity Acc - - - - - 6	327.0 330.5 302.5 -1.0 31.6
UK High Inc Acc - - - - - 0	226.7 226.4 243.8 -0.8 4.1

Prudential Japan Inc.	8	199.57	186.59	202.19	-0.48	0.63	UK Spec City Acc	8	159.17	159.17	173.2	-0.6	0.87
Prudential Life Amer	8	132.14	126.57	202.19	23	-2.31	UK Spec Sits Inc	8	106.2	110.2	117.5	-0.2	2.31
Prudential Pacific Mkt	8	70.84	70.84	78.70	-0.21	0.48	US Spec Sits Inc	8	98.99	98.77	105.3	-0.3	3.31
Prudential Premier Inc	8	40.11	40.11	58.09	-0.08	7.84	South East Asia	8	142.9	144.9	184.5	-0.2	0.40
Prudential Sec Cos	8	80.61	80.51	80.21	-0.07	7.04	Cash Trust Inc	8	100.0	100.0	100.0	-	6.38
							Cash Trust Acc	8	100.0	100.0	100.0	-	6.38

Union Life	6	291.7	296.410	292.6	4	1.3	0.653
Reliance (Sec)	6	159.4	160.410	160.8	4	1.3	3.49
Reliance (Acad)	6	244.2	244.21	239.7	4	0.4	2.85
Rock Asset Mgmt (Unit Trust) Ltd (100cs)F	6	244.2	244.21	239.7	4	0.4	2.85
Ruian House, Recent Centre, Condo	6	159.4	160.410	160.8	4	1.3	3.49
Sharp (Albert E) & Co (1000)F	6	291.7	296.410	292.6	4	1.3	0.653
Admiral 5 Bingham Rd Hession, Brentwood Eggs	6	291.7	296.410	292.6	4	1.3	0.653
Bramble 6277 22750	6	291.7	296.410	292.6	4	1.3	0.653
RES Europanco	6	103.5	104.20	100.70	4	0.70	0.85
RES Hill Road & Cow	6	124.0	125.20	131.80	4	0.10	1.18

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Continued on next page

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Milan cast adrift by political crisis

LONDON SHARE SERVICE

AMERICANS

Notes	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	
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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust Name	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	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Washington move heralds new era of friction

US takes tough trade action against Japan

By George Graham in Washington and Robert Thomson in Tokyo

THE US yesterday launched a salvo of tough trade actions against Japan, Brazil, India, Thailand and several other trading partners.

The move provoked an immediate hostile response from Japan but also heralds a new era of trade friction with several other countries.

The measures target the Japanese government's procurement practices in construction and supercomputers, while taking aim at abuses of intellectual property rights in the other countries.

Mr Mickey Kantor, invoking US laws against foreign government discrimination on procurement, said President Bill Clinton's administration was "taking a different tack" from the Bush administration in seeking more rigorous enforcement of US trade laws and bilateral trade agreements.

"The toughest action announced

yesterday was against Japanese practices in awarding construction contracts. Citing "persistent and significant discrimination against US firms", Mr Kantor threatened sanctions within 60 days if the issue was not resolved.

Angry Japanese officials warned that they might retaliate against US contractors and insisted that their negotiations would not begin with the US under the threat of time limits or sanctions.

Japanese officials interpreted the move by the US trade representative's office as a sign of the Clinton administration's tougher stance on the bilateral trade deficit. But Japan also sees the US action as an opportunity to show that it will resist bilateral trade agreements.

Mr Kantor said yesterday: "The whole idea is to open markets, to build confidence and credibility in the trading system, not to act arbitrarily."

The US earlier this month used the same law to invoke sanctions against the European Commu-

nity in the telecommunications and heavy electrical equipment sectors. Although talks have resolved the electrical equipment dispute, sanctions are due to be imposed in the telecommunications area.

Procurement practices were also listed as concerns in Australia and China.

Mr Kantor also complained that Japan "cannot negotiate with a time limit or with unilateral threats". He said the timing of the US action could damage multilateral negotiations under the General Agreement on Tariffs and Trade.

"We are ready to discuss the construction market, but we will never do so under threat of sanctions," he said. "We may have to consider the possibility of retaliation."

Record fine for insurer over sales of pensions to nurses

By Norma Cohen, Investments Correspondent

INTERLIFE Assurance has been fined a record £160,000 by Lauto, the UK insurance industry's self-regulatory body, for persuading possibly hundreds of nurses to leave their employer's pension scheme and buy less attractive personal pensions.

Interlife, controlled by several continental European insurance companies, was also selling long-term endowment policies and whole-of-life policies - which do not pay out until the policyholder dies - to young student nurses on low incomes.

Lauto said Interlife's sales agents misled the nurses about the surrender terms of the endowment policies, which heavily penalise those who cancel them in the early years.

The number of policyholders who can expect compensation has not yet been determined, but 70 to 80 complaints were found in the company's own files alone.

Lauto said the fine was the largest it had ever imposed. It might have been higher if regulators had not been concerned that Interlife could have become insolvent after victims had been compensated, according to Lauto.

Mr Sid Payne, Interlife's finance director, said a preliminary agreement to sell the company had been reached and was subject to approval from the Department of Trade and Industry. Mr Boris Sackville, chief executive, had recently resigned, he said. Between them, the two men own 3.8 per cent of Interlife's shares.

Its corporate shareholders are Athens-based Eurocapital Investment Corporation (35 per cent), Sweden's Tryg-Hansa Life (30 per cent), Interamerican Group Athens (14 per cent), Interamerican Bermuda (15.2 per cent), and Aschener Re of Germany (12 per cent).

Interlife sold largely through a single "tied agency" sales force based in the Manchester area and targeted nurses and student nurses, visiting them in their residence halls despite specific instructions from hospital authorities not to do so. When complaints were made to the company about its sales agents, it did not investigate them.

The tied agent employed up to 20 agents at a time, sending them into hospitals and residences in teams of eight. Tied agents are not employed directly by an insurance company but agree to sell its policies exclusively.

Mr Payne said Interlife was no longer using the tied agent and its business had fallen sharply.

Lauto found breaches of 13 of its rules in a visit in June 1990 and found 15 more breaches in a follow-up visit less than two years later.

Complaints were made to Lauto after the nurses brought the matter to the attention of the National Health Service Pension Scheme. The scheme, under which employees contribute 6 per cent of their salaries, pays benefits based on a percentage of final salary and guarantees annual increases in line with inflation.

THE LEX COLUMN

The Midas touch

The rising gold price has not been good for equities. In theory, that should not be the case since both are a hedge against inflation. But the equity market has also to contend with the fear that rising prices would push interest rates up again. High multiples which have been justified on the basis that low inflationary growth produces high quality earnings would look less acceptable if inflation returned. Such fears, though, would make sense only if the higher gold price really was a signal of a return to the inflationary psychology of the 1970s. By yesterday, a recovering London market rightly appears to have decided otherwise.

If the FT-SE's reluctance to stick below 2,800 is encouraging, the market still seems stuck in a narrow range. There is no immediate prospect of a further cut in base rates. Institutional liquidity is tight, the Zeneca and BT issues loom, and the government cannot yet feel confident about its ability to fund the PSBR at current gilt yields. That could cause problems for the equity market. There is probably enough evidence of recovery to justify a forward multiple around 14. But the limited prospects for dividend growth would leave a market yield of less than 4 per cent looking niggardly if gilt prices fell sharply.

The market is below this year's starting level and the economic background has improved but, until the funding position looks more comfortable, there is nothing to drive it higher. It is not surprising, then, that dealers are so susceptible to stories about the gold price, for example, or multi-billion pound bids for hush companies.

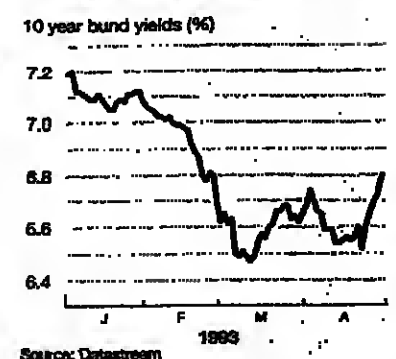
RMC Group

There is a lot of common sense behind RMC's decision to merge its Berlin associate with its main German operation. It can now make full use of accelerated depreciation allowances on east German investment, saving perhaps £100m in tax over the next four years. The cash flow benefit is significant: whether it justifies yesterday's 5 per cent jump in the share price is another matter.

RMC's tax change will come down just as Redland's is going up, but earnings derived from temporary tax concessions are of poor quality. The traditionally conservative RMC will probably smooth the effect on the bottom line with deferred tax provisions. Still, it will need strong markets to sustain earnings after the allowances

FT-SE Index: 2813.1 (+26.3)

D-Mark bond yields



and in 1995. A pointer will be whether this month's UK price increases stick. The prospective multiple some 40 per cent above the average assumes a strong recovery - well before it is set in concrete.

Philips/Matsushita

Perhaps the oddest thing about Matsushita's deal with Philips is the reluctance of either company to talk about it. On the face of it, Matsushita's offer of ¥185bn for Philips' stake in their MEC joint venture looks excessive. Conspiracy theorists will doubtless conclude that there is hidden value for Matsushita. If so, it is hard to see what it is. Since Matsushita is MEC's main customer, full control may allow it to rationalise its component supplies. Matsushita is also more likely to avoid protectionist pressure in European consumer electronics if indigenous manufacturers such as Philips prosper. They, after all, have the ear of the Commission in Brussels. All that, however, is pretty small beer.

What is clearer is the benefit to Philips. Borrowings will fall from £15bn to £11bn and gearing will be cut to 110 per cent. The medical and telecommunications businesses might also be usefully sold and the company has plenty of surplus property now that it has slashed its headcount. That would allow it greater flexibility to invest in its mainstream consumer electronics side, though Philips has yet to prove that such manufacturing has a long-term future in high-cost Europe. But the PolyGram stake is unlikely to turn into a line with deferred tax provisions. With the links between such intellectual property and hardware growing, Philips would be mortgaging any

hope of a high margin future in home entertainment if it sold the only jewel in its tarnished crown.

Germany

One might have expected lower German interest rates to be a tonic for the bond market. As rates have fallen elsewhere, money has moved out along the yield curve in search of capital appreciation and higher yields. That German bonds instead became unsettled this week is food for thought. The Bundesbank, which regards long-term yields as an indicator of inflationary expectations, is on difficult ground, especially when the weakening economy has driven it to accelerate rate cuts although inflation is still over 4 per cent.

Part of the bond market's behaviour is the old story of selling on the good news. The Spanish peseta aside, calm has returned to the ERM. So there may be greater opportunities in other European markets where rates are also falling. The effect of such outflows on the D-Mark has so far been masked by poor US economic data which have weakened the dollar.

Still, the anxiety of the Bundesbank's Mr Helmut Schlesinger is understandable. One of the bank's tasks is to create an environment in which the large budget deficits arising out of unification can be financed. It will not help if the monetary squeeze intensifies the recession, making the deficits even larger after the UK fashion. That is a powerful argument for lower rates. But if the bank remains serious about inflation, it cannot afford to see the exchange markets lose confidence in the D-Mark. The fall in German rates may not be quite so smooth after all.

ICI

The stock exchange's clampdown on grey market dealing in Zeneca ahead of demerger is a triumph of heavy-handed regulation. Given the analytical effort expended by the City and the publication of a pathfinder prospectus, Salomon Brothers' market was better informed than most official dealings. Members of the rights issue syndicate could not freely participate. But shutting out those with a vested interest in the issue might actually have contributed to a fair price. One can only hope the exchange's promised review of grey market practice results in some more liberal guidelines.

Matsushita ends electronics partnership with Philips

By Charles Leadbeater in Tokyo and Ronald van de Krol in Amsterdam

MATSUSHITA Electrical Industrial is to spend ¥185bn (£1.09bn) to buy out Philips of the Netherlands from their loss-making joint venture in semiconductor. The deal will end one of the most enduring partnerships in electronics between a Japanese and European company.

For Philips, the divestment of its 35 per cent stake in the joint venture, Matsushita Electronics Corporation, is a significant step forward in efforts to cut its debts of £1.5bn (£5.40bn).

Matsushita - the world's largest consumer electronics company which only two and a half years ago paid \$6.1bn (£3.96bn) for MCA, the Hollywood film company - plans to pay for the transaction by the end of this month by drawing on retained earnings.

Philips has repeatedly said it would not sell entire divisions or

reduce its 80 per cent stake in PolyGram, the London-based music company, as a quick way of easing its debt burden. The MEC sale will meet the key goal of debt reduction without renegotiating on previous promises or weakening the company's overall position in semiconductors and components.

The sale follows months of haggling over the price after Philips first approached Matsushita last autumn. Matsushita said the parties had decided to break up the joint venture because its operations had become too large and complex and its decision-making too cumbersome.

Matsushita executives said MEC's expansion into semiconductor markets outside Japan had brought the joint venture into increasing conflict with Philips' own semiconductor business.

MEC employs 18,000 of its 22,000 total workforce in Japan. It manufactures semiconductors in Japan, the US and Singapore, and cathode ray tubes in the US, Mal-

aysia and China. Philips will not say how large a book profit the transaction will yield. The company will hold a press conference on Wednesday to announce first-quarter results.

MEC, which is valued at ¥528.5bn by the sale, is the world's 10th largest semiconductor manufacturer. It will become a wholly-owned subsidiary of Matsushita, its main customer for semiconductors. According to Dataquest, the research group, MEC's semiconductor sales were ¥1.3bn last year.

The joint venture was set up in 1982, with Matsushita keen to gain access to Philips' innovative technology and Philips aspiring to break into the Japanese market.

Like Philips, Matsushita's finances are under severe strain. It is being hard hit by the slump in Japanese consumer spending and carries a heavy depreciation charge for past acquisitions.

See Lex

Italy seeks political consensus to avoid poll

Continued from Page 1

Monday to head Italy's 52nd post-war government.

Efforts to head off the storm of protest provoked by the Craxi vote centred on proposals to end parliamentary immunity in cases of corruption. However, a simpler proposal, which would not involve a change of the constitution, was for secrecy to be removed in voting.

Such secrecy is regarded as the reason behind the majority vote in favour of Mr Craxi. Some members of opposition parties

like the populist Lomhard League, the neo-fascist MSI and the hardline communist Reconstructed Communism are understood to have voted with Mr Craxi's allies in order to discredit the government and force early elections.

Italy's press yesterday emphasised the gravity of the situation, saying the stability of the country was at serious risk.

Newspapers doubted whether Mr Ciampi would be able to survive long enough to introduce new electoral laws. Mr Mario Segni, leader of the referendum

movement, warned that "without electoral reform, the chamber of deputies could return up to 20 parties in a new election".

Up and down Italy in the major cities demonstrations were staged denouncing parliament and attacking Mr Craxi for seeking to hide behind its immunity.

Last night the PDS appeared firm in its decision to withdraw its three ministers who had spent less than ten hours with the science, finance and parliamentary affairs portfolios. The same applied to the Greens who pulled out of the environment ministry.

Banks' cover may increase

Continued from Page 1

to publish its own proposals after talks on a common set of rules with international securities regulators collapsed earlier this year.

Mr Corrigan said the Basle group would continue to seek agreement with securities regulators, as well as with the European Commission, which adopted

its own directive on the subject last year. The Basle rules are stricter than the EC directive on foreign exchange risk and position risk of banks in the equities markets.

After consultation lasting to the end of this year, the proposals on market risk would not be produced until the middle of 1995. There would then be a long transitional period.

Brussels plan on E Europe

Continued from Page 1

"ceilings". This means east European exporters will not automatically face higher tariffs if they exceed their import targets, a senior EC official said.

The Commission paper fails to set a firm date for starting EC membership negotiations, but it offers all six countries that have association agreements with the

EC a "clear commitment to eventual membership".

The third proposal is to allow the Commission's chief east European aid unit - Phare - to gain access to funds from the European Investment Bank and the EBRD.

Officials hope for final agreement on the programme at the EC summit in Copenhagen next month.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)		Tokyo (Yen)		RMC	
AG Ind & Ver	543 + 13	Lin Broadcast	894 + 14	Radio OR	130 + 17
Admiral	570 + 10	New York prices at 12.30pm		Radio Group	68 + 9
Daniel Benz	575.5 + 8	Paris (FFr)		Servat	18 + 23
Basf	222.5 - 16.9	Bilbao	399.5 + 12.7	Smith (S)	350 + 12
Heidelb Zim	1045 - 55	Logan	4615 + 196	Starling Publishing	122 + 5
Rosenthal	272 - 5.5	Worm Co	295 + 12	Ud Biscuits	428 + 18
New York (\$)		Falls	236.2 - 7.8		
Adria Life	624 + 24	Michelin B	143.5 - 6.1		
Allied Signal	65 + 14	Powell-Uddell	536 - 21		
Eastman Kodak	494 + 14				
General Motors	414 + 16				
Ind Paper	654 + 16				

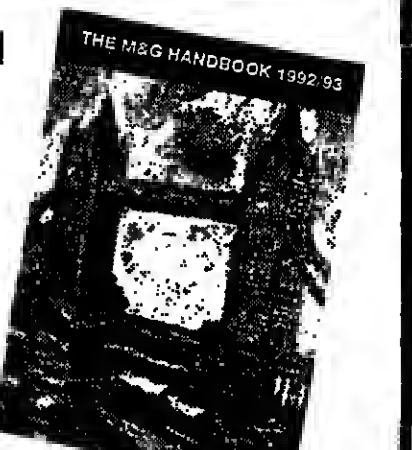
World Weather

UK Today: Sunny spells and the risk of thundery showers over much of the south and the Midlands. Cloudy with showery rain over Wales and the west and the north-east coast, but island parts of western Scotland will see some sunshine.

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Abisko	10	15	5	34	33	10	10	Abisko	10	15	5
Algeria	15	15	5	22	72	10	10	Algeria	15	15	5
Amsterdam	18	18	5	18	64	10	10	Amsterdam	18	18	5
Athens	21	21	5	70	100	10	10	Athens	21	21	5
Bahia	28	28	5	25	77	10	10	Bahia	28	28	5
Bangkok	32	32	5	19	66	10	10	Bangkok	32	32	5
Bombay	32	32	5	19	66	10	10	Bombay	32	32	5
Buenos Aires	15	15	5	14	57	10	10	Buenos Aires	15	15	5
Calcutta	32	32	5	14	57	10	10	Calcutta	32	32	5
Cairo	22	22	5	72	100	10	10	Cairo	22	22	5
Cardiff	15	15	5	14	57	10	10	Cardiff	15	15	5
Chengdu	15	15	5	14	57	10	10	Chengdu	15	15	5
Colon	28	28	5	14	57	10	10	Colon	28	28	5
Copenhagen	15	15	5	14	57	10	10	Copenhagen	15	15	5
Dallas	15	15	5	14	57	10	10	Dallas	15	15	5
Dublin	15	15	5	14	57	10	10	Dublin	15	15	5
Edinburgh	15	15	5	14	57	10	10	Edinburgh	15	15	5
Hankow	22	22	5	72	100	10	10	Hankow	22	22	5
Hong Kong	22	22	5	72	100	10	10	Hong Kong	22	22	5
London	15	15	5	14	57	10	10	London	15	15	5
Los Angeles	15	15	5	14	57	10	10	Los Angeles	15	15	5
Lyons	15	15	5	14	57	10	10	Lyons	15	15	5
Madrid	15	15	5	14	57	10	10	Madrid	15	15	5
Manchester	15	15	5	14	57	10	10	Manchester	15	15	5
Moscow	15	15	5	14	57	10	10	Moscow	15	15	5
Mumbai	32	32	5	19	66	10	10	Mumbai	32	32	5
Nairobi	22	22	5	72	100	10	10	Nairobi	22	22	5
Paris	15	15	5	14	57	10	10	Paris	15	15	5
Perth	15	15	5	14	57	10	10	Perth	15	15	5
Porto	15	15	5	14	57	10	10	Porto	15	15	5
Rangoon	28	28	5	19	66	10	10	Rangoon	28	28	5
Reykjavik	15	15	5	14	57	10	10	Reykjavik	15	15	5
Rio de Janeiro	22	22	5	72	100	10	10	Rio de Janeiro	22	22	5
Sao Paulo	22	22	5	72	100	10	10	Sao Paulo	22	22	5
Shanghai	22	22	5	72	100	10	10	Shanghai	22	22	5
Singapore	32	32	5	19	66	10	10	Singapore	32	32	5
Sydney	15	15	5	14	57	10	10	Sydney	15	15	5
Taipei	22	22	5	72	100	10	10	Taipei	22	22	5
Tokyo	15	15	5	14	57	10	10	Tokyo	15	15	5
Ulaanbaatar	15	15	5	14	57	10	10	Ulaanbaatar	15	15	5
Washington	15	15	5	14	57	10	10	Washington	15	15	5
Yokohama	15	15	5	14	57	10	10	Yokohama	15	15	5

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NO SALESMAN WILL CALL

Mr/Mrs/ Miss INITIALS SUR

Weekend May 1/May 2 1993

■ Continued on page VII

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.



MARKETS

London

An £8 ticket to fear and greed

By Peter Martin, financial editor

IN ORDER to resolve pressing cash flow problems, this column is throwing itself open to the public.

For a modest entry fee, priced comparably with other attractions such as the London Dungeon and the Black Hole of Calcutta, visitors will be given a guided tour of the historic Prejudice Engine, the Cliché Machine and the Irony Maiden. In the wake of the IRA's Bishops' bomb, we anticipate eager business from tourists anxious for the City experience, without actually having to experience the City.

Meanwhile, work continues as normal. This week, our highly skilled operatives have spent most of the time wondering whether the stock market's slow-motion recovery is a sign of its extraordinary accuracy as a discounting mechanism, or its inability to hit a barn door.

The accuracy school of thought argues that the stock market picked up remarkably early on the shape and speed of the recovery, after sterling's

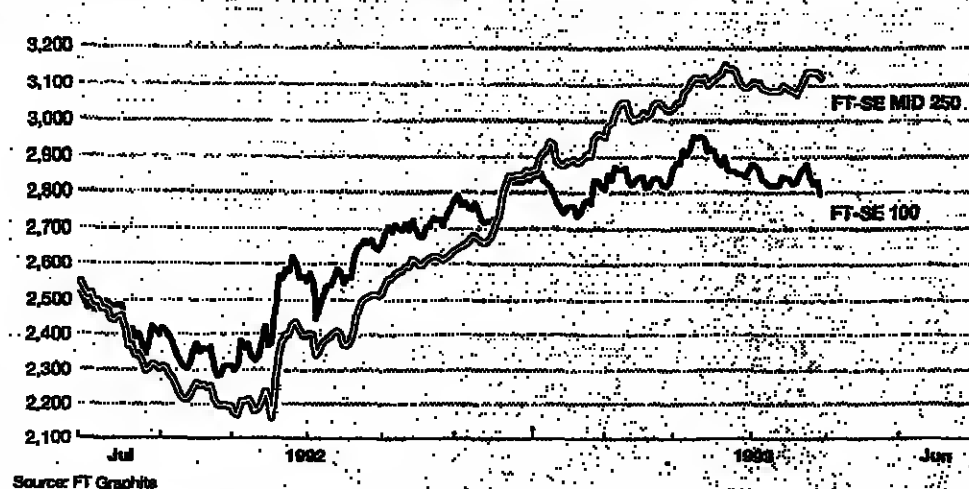
exit from the ERM. By the end of 1992, the FT-SE 100 index had risen to levels that discounted exactly the sort of pickup in economic activity and corporate profits that is now under way.

Thus, in the week that this judgment was confirmed by the announcement of a 0.2 per cent rise in UK gross domestic product in the first quarter, it was not surprising that the stock market was drifting back to levels achieved in the closing days of the year, when the recovery first came into focus.

The alternative view - that the equity market's poor performance in recent weeks indicates a form of collective myopia - stems from the belief that what is happening is more than just a long-awaited lurch of the recessionary floor.

German interest rates are now moving steadily downwards, even though each individual step in the process is likely to be small and grudging. This week, for example, has brought two signs of German easing - a fall in money-

A good little 'un beats a good big 'un



market rates on Wednesday, and a further cut in the Bundesbank's three-day Treasury Bill rate to 7 per cent on Friday, seen by some analysts as a strong indication of more cuts to come.

Lower rates from the Bundesbank will in time pull continental Europe out of recession, and they will open the way for still lower UK interest rates in the months ahead. Though UK companies continue to report poor results for the recessionary financial year just ended - this week, for example, Tishbrook said profits were 20 per cent below expectations and Parmax reported a pre-tax loss of £350m in 1992 - there are also signs of how strong the bounce-back in profits can be as demand picks up.

ICI, reporting for the last time as a single entity on Thursday, said pre-tax profits for the first quarter rose 10 per

cent to £238m, thanks to weaker sterling and the effects of cost-cutting. Those two forces affect much of UK manufacturing industry. When a solid recovery of demand starts to make itself felt also, profits may rise more sharply than analysts currently expect.

Of course, the advantage to UK companies from sterling's devaluation has been partly offset by the appreciation of the pound from its lows. That should not be overstated, however. This week, sterling closed at just over DM2.49, down a quarter of a penny since the week, and up 11 pence since February. On a trade-weighted basis sterling is now nearly 7 per cent higher than it was in February. But it is still 11 per cent lower than in September last year.

Worries about the impact of a rising pound on overseas earners are one of the factors dragging down the stock market this week. A second factor hurting the market - and supporting the case that it fairly values the future stream of profits from UK companies - has been the weak performance of gilts.

Ten-year gilts closed the week yielding 8.1 per cent, back above the 8 per cent level for the first time since early February. A week ago, they were yielding 7.9 per cent; a month ago, the figure was 7.7 per cent.

This move in long term interest rates not only affects the value of the stock market directly - by making the dividend yield on equities less attractive in relative terms - but also hints at economic worries to come.

It suggests that bond market investors, at least, are worried

WHEN THE chairman of Britain's largest building society says he cannot sell his customers the right products, it should be a clear signal to consumers - if they did not know already - that something is seriously wrong with the financial services industry.

Jim Birrell, the outgoing chairman of the Halifax, said this week that the Halifax wanted to try to change the rules on "polarisation" under which financial products are marketed. His remarks add to the increasingly circular debate on how consumer interests are best protected under the system laid down by the Financial Services Act in 1986.

"Polarisation" is the name given to the system under which those who sell financial products are divided into two separate groups. Financial intermediaries can either sell the products of one company only - i.e. become its "tied" agent - or set up as an independent financial adviser, where they can sell anyone's products.

Originally, polarisation was designed to protect both IFAs and the consumer. Tied agents must tell their clients that they are acting for one company only. "Multi-tying," whereby agents would tie themselves to two or three companies in order to offer a wider range of products, was thought to confuse customers and was resisted by IFAs as threatening their interests. It was also open to abuse because multi-tied agents could give the impression that they were independent.

This has not worked out as it should. One unintended consequence of polarisation has been that instead of protecting independent financial advice, it has largely disappeared from banks and building societies (although most retain separate IFA arms), mainly because life companies offer higher commission to tied agents than to

Serious Money

Having their cake and eating it

By Scheherazade Daneshkhu

Moreover, polarisation has not stopped customers being confused. Even though the bank or building society salesman has to declare the tie, customers do not necessarily realise the implications. They cannot be blamed for assuming that large institutions such as the Halifax, which act in a competitive environment on mortgage and savings rates, also have a competitive range of financial products.

But there was never any reason why one provider - the company to which the institution is tied - should have a monopoly of the best financial products. The provider with a good record for with-profits plans for pensions will not necessarily have the highest performing unit trusts.

After toying briefly with independent financial advice in the wake of the Financial Services Act, Halifax opted for a tie to Standard Life, one of Britain's largest insurance companies. Halifax is now restless. Birrell said this week that "there are other sectors of the financial services market where Standard Life is not the best provider." The society wants to expand through multi-tying.

His remarks highlight the speed with which high street banks and building societies made their choice between the interests of their customers and their own profitability after the implementation of the Financial Services Act.

Asked why Halifax did not opt to retain independent financial advice if it wanted to be able to sell products of more than one company, Birrell was honest - "the remuneration is better as a tied agent," he said. The tie earned Halifax £177m in commission in 1992, a hefty proportion of the group's total profit of £680m. Birrell also said that Halifax found that its customers did not know whether it was independent or tied.

Unfortunately there is little

reason to believe that the consumer would necessarily be in a better position with multi-tying. There is no getting away from the nub of the problem, which is that better regulation is needed in the industry and that financial salesmen and advisers should be made to disclose the commission they receive for selling a product. Consumers should be allowed to know the total they are paying for a financial product, in simple arithmetic.

It is these deficiencies which have contributed to the fading influence of the independent financial adviser, who is independent only to the degree that he receives payment for his services from many life companies and financial providers, instead of one.

Diligent IFAs who resist the temptation to oversell, risk losing their reputation because of the misdeeds of their less scrupulous colleagues. Members of Fimhra, the self-regulatory body for IFAs, were liable for large payments to the Investors' Compensation Scheme, which threatened the loss of IFAs to tied agent status. The insurance companies which use IFAs have been prevailed upon to pick up a large part of the tab for the ICS.

The Office of Fair Trading made a good beginning towards reform by calling in March for more disclosures. Unfortunately, it limited its recommendation to IFAs and not to tied agents - with the danger that banks and building societies will manage to kill off most of the IFA market, further reducing consumer choice.

It is small wonder that Halifax wants to alter polarisation to preserve for itself the benefits of tying, while widening its product range. It wants to have the best of both worlds.

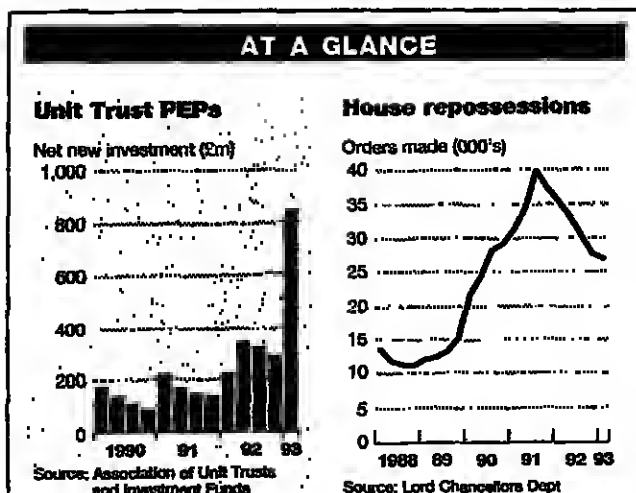
By the same token, consumers must look after their own interests by continuing to press for disclosure and for higher standards of advice and regulation in the industry.

HIGHLIGHTS OF THE WEEK

	Price	Change	1993	1993	
	£/share	on week	High	Low	
FT-SE 100 Index	2813.1	-30.7	2957.3	2737.6	Futures selling from US
FT-SE Mid 250 Index	3132.1	-4.1	3154.7	2876.3	Focus shifts to blue chips
Aegis	31	+10	31	13	French rate cut
BT	404 1/2	-12 1/2	445 1/2	376	Fin director resigns/compet'n fears
BTP	268	+29	269	221	Purchase of MTM assets
Boots	452	-41	583	445	Manoiax warning/competition
Commercial Union	591	-25	641	561	Bishops' bomb damage claims
Euro Disney	865	-50	1180	710	Loose/risks issue fears
Glaxo	594 1/2	+19 1/2	801	545	US buying returns
ICI	1289	+32	1290	1048	Released first-quarter results
Lorho	98 1/2	+14	98 1/2	70	Proposed sale of Observer
PowerGen	330	-15	353	273	Credit Lyonnais "sell" note
TSB	183	-8 1/2	195	145 1/2	Bld speculation fades
Tishbrook	232	-97	382	173	Profits warning
United Biscuits	426	+27	431	340 1/2	Bld hopes

Wall Street

The cash that has nowhere better to go



Repossession orders fall in year's first quarter

Court orders to repossess mortgaged houses fell 2.7 per cent in the first quarter of the year, compared with a 10.5 per cent fall in the first quarter of last year. The reduction in repossession orders to 26,810 from 27,656 in the first quarter of last year, was the fifth consecutive quarterly fall. The number of orders - not all of which end in repossession - was 24 per cent lower than the number in the first quarter of last year. The number of actions initiating repossession proceedings rose to 31,371 compared with 29,853 in the last quarter of last year. They were well down on the 42,287 in last year's first quarter, according to the Lord Chancellor's Department.

In its latest report on the housing market, UBS said that it expected the number of new repossessions to be similar to last year's at around 75,000.

Sales rise for unit trust PEPs

Sales of unit trust personal equity plans achieved their strongest quarter ever. Net investment in the first quarter of the year at £240m was almost four times the first quarterly inflow of any year. It easily beat the previous record quarter of £336.4m, in the second quarter of 1992. The value of unit trust PEP funds stood at £24.4bn at the end of the quarter compared to £23.3bn at the end of last year.

Broker launches new product

John Charcol, mortgage brokers, has launched a fixed-rate mortgage which allows the holder to make capital repayments without facing early redemption penalties. The rate is fixed at 7.99 per cent (8.7 APR) until January 1 1997. It is only available on a repayment basis and there are no requirements to buy insurance-related products. The fee on completion is £285 with a £35 reservation payment. The mortgage has been designed to give borrowers the option of increasing their monthly repayments. The "accelerator mortgage" is also available on a variable rate of 7.99 per cent.

More fixed-rate mortgages

Other new fixed rate offers this week included those from Abbey National which launched for first time buyers a rate of 7.49 per cent (8.4 APR) on a maximum advance of 90 per cent, or 7.93 per cent (8.5 APR) if the maximum loan is 85 per cent (up to £100,000) and 90 per cent over £100,000. The rates are fixed until the end of January 1996 and include one year's unemployment cover. The fee is £199 with an early redemption or capital repayment penalty of 90 days loss of interest. They are available on all types of mortgage. Alliance & Leicester has brought out fixed rates of 6.95 (8.3 APR) per cent for 2 years, 7.95 per cent (8.5 APR) for three years and 8.5 per cent (8.7 APR) for 5 years. Available on all mortgage types, the fee is 0.5 per cent up to a maximum of £300. There are early redemption penalties. National & Provincial's new rate for first time buyers is 7.49 per cent (8.5 APR) fixed until June 1 1996.

Lloyds joins Switch scheme

Lloyds Bank has joined the Switch debit card scheme to which the other large high street banks already belong. Lloyds' "merchant acquiring" operation has until now only processed Mastercard and Visa transactions including the Visa Delta debit card.

Smaller companies rise again

Smaller companies continued to rise this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.6 per cent from 1995.37 to 1403.65 over the week to April 29.

ONCE AGAIN, the US stock markets are being propped up by huge inflows of investors' cash.

Figures released by the Investment Company Institute this week showed that mutual fund sales reached a record \$11.3bn in March, and the early indications are that April could come close to matching that figure. The first quarter sales total of \$60.1bn exceeded the old record by almost a third.

The vast flows of money into stock funds, and eventually into stocks, are helping to mask signs of weakness in some key equity market fundamentals.

Stocks remain expensive by historical standards, economic growth is slackening, domestic interest rates have probably bottomed, and corporate profitability, while it has improved in recent quarters, remains a hostage to economic conditions - which means earnings could suffer if the recovery slows down further.

Yet the fact that investors are hurrying to put their money into stock funds is not necessarily a vote of confidence in equities. First, an increasing amount of the new money is going into foreign stock funds as more investors turn away from unexciting domestic markets and look for better returns overseas. The weak dollar has only encouraged this greater interest in foreign securities.

Second, March and April have been strong months for stock fund sales partly because many investors rushed to put funds into their individual retirement accounts (IRAs) before the April 15 tax-filing deadline.

President Clinton's first budget includes considerable tax increases and individual investors, many of whom fall in the range of income-earners facing higher government levies, were eager to make tax-deductible contributions to their IRAs before the tax year ended.

Third, money has been flowing into mutual funds in record amounts, but fund managers have not necessarily been putting all of it into stocks. Since January, stock fund managers have been building up their cash hold-

Dow Jones Industrial Average

ings. At the start of the year 8.9 per cent of fund assets were held in the form of cash. By the end of March that figure had risen to 9.5 per cent, or \$52.2bn.

While there is little doubt that some of that money will eventually find its way into the markets, the recent rise in cash holdings reflects a wariness among fund managers about the outlook for shares.

Moreover, this fondness for cash is remarkable given the miserable returns available on cash investments. Investors are considered lucky if they can get much more than 3 per cent on short-term assets like money-market funds, a Treasury bill. After inflation, they struggle to break even.

Yet fund managers are not alone in believing it prudent

to hold more cash. A recent survey by The Wall Street Journal found that the average cash level recommended by strategists at a dozen big brokerage houses is now 14.25 per cent of assets - the highest level seen in three years. At Dean Witter, for example, chief investment strategist William Dodge has kept his asset allocation at 60 per cent equities, 25 per cent bonds and 15 per cent cash. In normal times, Dean Witter would have only 5 per cent of assets in cash.

What this all means for the markets is that stocks are being supported as much by the realisation that equities are the only game in town as they are by any deep-rooted confidence in the outlook for share prices. (It is true that bonds had a superb first quarter, but the Treasury market rally looks as if it has peaked.)

If inflation, and interest rates, pick up sharply over the summer, the flow of investors' funds could be quickly diverted away from stocks. We have had a little taste of that already, in the form of the recent rebound in gold prices,

which have benefited from a sudden revival of interest in gold as an alternative investment to bonds and stocks.

This week's first quarter gross domestic product report did not help the stock markets' cause. While investors had been bracing themselves for economic growth to show a decline from the unsustainably high 4.7 per cent rate achieved in the last quarter of 1992, the news that GDP rose by 1.8 per cent in the first three months of this year still came as an unpleasant surprise.

Some analysts tried to pin the disappointing growth on the severe winter weather during the three months, but that did not wash. The most worrying aspect of the data was that without a big jump in inventories, the economy would actually have gone into reverse in the quarter.

Patrick Harverson

Monday	3398.37	- 15.40
Tuesday	3415.93	+ 17.56
Wednesday	3412.50	- 2.43
Thursday	3425.12	+ 11.62

The Bottom Line

BTP lights a fire under MTM

THERE IS nothing like capping an industrial career by doubling your company's net assets. Frank Buckley, the 64-year-old chairman of BTP, presided over just such a deal this week when it bought MTM, a fellow speciality chemical company, for £100m.

Whether this was in the interests of shareholders, or simply a last impetuous fling, is another matter. When the company concerned has made three calls on shareholders' cash within three years - this week's rights issue at 185p was below the price of last year's call - the question is more pertinent.

Happily for shareholders, BTP's latest acquisition looks well founded in good, old-fashioned industrial logic. The Manchester-based company has swooped to take advantage of the misfortunes at MTM's head office which have led to a Serious Fraud Office investigation into the company's reported profits.

BTP is buying under-utilised but modern plant which uses technology that complements its own. And, in the profitable

Hardwicke and the loss-making Rock Hill plants in the US, it has gained a platform to manufacture domestically for the recovering North American markets. Already selling 60 per cent of its product overseas, the underlying MTM businesses should enhance significantly BTP's standing as a niche chemicals company.

BTP produces molecules for a multitude of industrial and consumer applications. It provides a quarter of the world's preservatives for cosmetics - the same chemical that is used in facsimile paper. It also makes leather tanning chemicals, variants of which are used as additives in concrete and in carpet stain resistors.

By juggling where it makes its product, BTP believes it can boost its sales to the cosmetics business in the US, so gaining a price advantage by avoiding the import tariff it now pays.

And spare capacity at Teessport and Kirkby might be used to meet the growing Far Eastern demand for tanning chemicals.

The numbers would also seem to stack up. On Wednesday, BTP estimated pre-tax profits of £20.4m for the year to end-March 1993 (up from

the market: the company is expecting to increase its final dividend to give a 9.3p total for the year, up 5.1 per cent.

But can BTP's management handle the steep change in size, a question asked when any company nearly doubles its size?

BTP says it thinks MTM's operating companies and their managements have been held back only by the turmoil at head office. Extensive investigation into the seven MTM companies showed that Richard Lines, MTM's former chairman, invested heavily in modern, bi-tech plants. But management reporting systems were woefully inadequate; in many cases, MTM simply did not know if the product it was making was profitable. MTM's utilisation of capacity also was very low: in Rock Hill's case, it was below 30 per cent when break-even should have been

above 65 per cent.

If BTP can improve this situation, MTM's three loss-makers would be eliminated quickly. But Steve Hannam, who took over as chief executive last year, emphasises that BTP will be dropping some of MTM's product lines. "It matters that what goes through BTP makes money," he says, suggesting that MTM's plants might become more sensitive to market demand.

The MTM businesses also should benefit immediately under a financially strengthened parent. Inevitably, MTM's dire financial situation was preventing some customers from placing orders and was restricting its access to credit.

The change of ownership should light a fire under MTM's operational management, which has worked under a cloud since the group's share price collapsed last year. Certainly, Hannam finds it hard to hide his enthusiasm for his new chemistry set. Introducing the deal, he said excitedly that BTP had bought "lots of sites, lots of assets, lots of kit."

Richard Gourlay

FINANCE AND THE FAMILY

THERE IS an old stock market adage: "Sell in May and go away. Come back on St Leger day." With interest rates in the UK relatively low, Britons thinking of investing overseas in the hope of better returns could find some wisdom in this saying.

St Leger day this year falls on September 11. The chart shows that, since 1964, the average capital return on the FT-All Share Index between May 1 and September 11 is just 0.56 per cent.

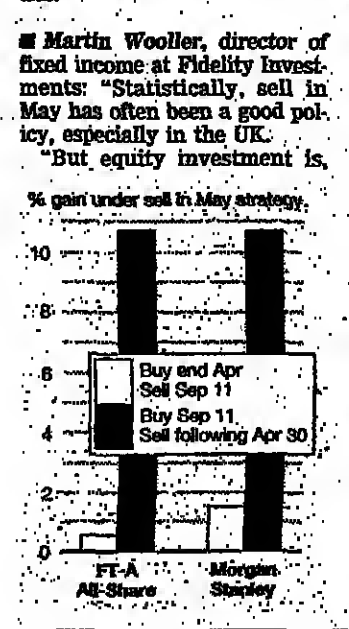
By investing on September 11 and selling on April 30, though, the average return rises to 10.7 per cent.

The same principle seems to hold true in world markets. Since 1962, the average return April-September is 1.54 per cent compared to 10.72 per cent for the rest of the year, according to the Morgan Stanley Capital International index.

Darting in and out of the market can be expensive and hazardous, though. Most experienced private investors know the best returns come over the long term, with five years a prudent minimum.

"Sell in May" can be used as a guide to timing - especially if the main world markets show signs of being quiet over the next few months. New investors may consider it better to wait, rather than monitor their investments nervously throughout the dog days of summer.

The *Weekend FT* asked fund managers what they thought of the strategy, and which markets offered the best opportunities.



For investors with an eye to foreign profits

Scheherazade Daneshkhu looks at when and where to buy

and should be, long term. Do not try to be a short-market timer. The professionals can't do it, so there is no reason why others should be able to.

"We are cheerful about the UK, because the market appears to be buying the green shoots recovery story and there are, once again, good stocks to pick out. We do not focus on the blue chips but more on the FT-SE 350. The market is broadening, so this would be a good time to go in.

"The European markets are behaving sensibly in that they see German monetary policy being relaxed, which is improving the valuation basis of the markets. But earnings disappointments will come through in the summer so, again, that could be a good time to buy.

"We are cautious about the US because of anxiety that the recovery is faltering. A number of companies have reported disappointing earnings.

"If you want to sell in May, this would be the market to get out of, but we would say, put at least part of the money back into south-east Asia for the long term because the place keeps growing.

"Hong Kong, as an entry point into China, is not for the faint-hearted because there are dangers that the Chinese economy is overheating. And there is still the question of what will happen after 1997. But we regard it as a long-term hold."

David Roster, chairman of Mercury Asset Management Private Investors: "Market timing is the hardest part of the business. Short-term movements have got very difficult to predict and are getting harder because the world has become a smaller place.

"The Japanese market has risen strongly in response to foreign buying, but it is expensive. Company profits will continue to fall.

"Our view is that the market is unlikely to rise sharply from present levels and, when people focus on its evaluation, there is a risk that it could fall sharply.

"We are neutral on the US. There is a modest economic recovery but the market is fully valued.

"Continental Europe has reacted positively against a background of falling interest rates, but the markets are having a hard time coming out of recession - they are behind the UK in this. Some areas are more attractive than others. For example, the new government in France is likely to focus on domestic issues and rates will come down.

"We are positive about UK equities. There will be a gradual recovery in a low interest-rate environment, and there could be good growth in the economy in the next year and the year after.

"The next few months could be a good time to build up a portfolio when the market is not rising quickly. But you must accept that the shares you buy now may be slightly lower in value in a few months."

Jeremy Tighe, director of Foreign and Colonial Management: "Although sell in May is a reasonable theory around the world, for many investors the time to buy is in a period of weakness. We think the UK market will be higher by the end of the year than now. But the British Telecom issue and Zeneca rights issues in June/

July will act as a restraint on the market. It will then be the holiday season, so the market is likely to be quiet.

"The market in the United States has not done very much recently but there are signs of recovery. We are now waiting for President Clinton's announcement on health-care reform.

"The health-care sector has already suffered a lot in expectation of what might happen so, unless the plans are radical, the market might be discounting that bad news.

"There is bound to be a period of consolidation in Japan. After the steep rise in the Nikkei index the chances are that the market will be quiet for the next few months."

Michael Lenhoff, portfolio strategist with Capel-Cure Myers, feels the major markets are over-valued. "On a price/earnings ratio the UK, at 17 times 1993 earnings, is higher than in 1987. In the US the multiple is 18 and that, too, is high.

"In Europe, Germany is extremely expensive, it is about 40 per cent overvalued on a p/e ratio. So, the conventional wisdom is appropriate for these markets.

"We are, nonetheless, keen on the US market. Recovery is being translated into strong corporate earnings' growth and monetary policy is good, too, but the cloud is political.

"We are worried by the difficulty President Clinton has had with his economic stimulus package. So, there is an added dimension of uncertainty, which the market will treat adversely.

"We are equivocating on Japan. There is no evidence of a recovery in corporate profits, and there are even questions about that in 1994.

"We had increased our weighting to Japan at the end of last year, but we would not go any further at the moment.

"We are expecting 5-7 per cent growth in south-east Asia and have a double weighting in this part of the world.

"Hong Kong looks expensive and is overvalued, but it is one of the few plays on China. There will be short-term volatility, but we want to be in that market for the long term.

"In the UK, we were saying that the FTSE-100 would reach 3,300 by the end of the year, but that assumed further interest rate cuts. We might have to trim back our year-end forecast to 3,150."

Men to face unisex threat on annuities

Lower payments could follow legal moves in EC, says Norma Cohen

IT IS a fact: women live longer than men. But a key opinion this week from the advocate-general of the European Court of Justice says that, when it comes to pensions, employers must forget all that. Those who have contributed more to women's pensions because they will draw them longer after retirement will, apparently, have to stop. The advice, if followed by the ECJ in its final ruling in June, could mean that men will receive lower monthly payments from an annuity bought upon retirement.

The advice to the court follows its consideration of a group of cases led by the trustees to the pension scheme of Coloroll, the UK home furnishings company now in liquidation. The trustees asked the ECJ to clarify how they should carry out an earlier ruling in the case of Barber v Guardian Royal Exchange. In that ruling - on May 17 1990 - the court ruled pensions were deferred pay and that employers may not discriminate between sexes in pay awards.

But pensions are a complicated subject, and employers needed guidance on the nuts and bolts of equalising them. Across Europe, both occupational and state pension schemes have, typically, allowed women to retire on full pension at 60 while requiring men to wait until 65.

This difference in retirement ages meant, for instance, that male and female twins who joined an employer on the same day, and left for a new employer on the same day, had different transfer values. If they retired on the same day, the woman received a pension roughly 25 per cent higher than that of her brother; and if the employer bought an annuity out of a lump sum for both of them, he would have to pay more to buy the woman the same monthly income as her brother.

Now, it appears as if this will come to an end. "The mere fact that, in general, women live on average longer than men cannot, therefore, be a sufficient reason to provide for different treatment in the matter of contributions and benefits under occupational pension schemes," the advocate-general said in his opinion.

While they do live longer, there is no evidence that any one particular woman will live longer than any one particular man; and if sex is to be a guide to the size of pension, then the inclination to smoke or drink ought to be as well, the advocate-general added.

The ruling has particular significance for those employers who finance pension benefits through the purchase of an annuity for each employee upon retirement, said John Cunliffe, a partner at solicitor McKenna and Co, which represented the Coloroll trustees. It also has huge implications for so-called money purchase schemes in which the employee receives a lump sum upon retirement, although the court has not been asked specifically to give an opinion on this matter.

The question is how insurers are going to respond to the ruling. The advocate-general said there was no legal basis for requiring insurance companies which sell annuities to calculate rates on a unisex basis. But clues about what might happen can be gleaned from the US, where the Supreme Court made a similar ruling nearly 10 years ago.

In broad terms, insurers there have cut men's annuity payments to the lower levels of women. And data culled from annuity rates offered by Equitable Life offer a picture of just how much difference there will be with unisex rates. An annuity paying £100 a month will cost a 65-year-old man £9,894, while a 65-year-old woman will pay £11,235. A monthly annuity purchased with £10,000 will buy a 65-year-old man a benefit of £101.07 a month, but a woman of the same age will get only £88.53 for the same sum.

Significantly, the ruling does not affect those who receive a lump sum from their employer and then go out into the market-place to buy it on their own behalf. For those people, the response of the insurance industry to the ruling will be what matters.

Consider, though, the position of employers trying to provide equal pensions. According to Equitable Life's data, a pension scheme which is 75 per cent male and 25 per cent female will find the cost of a £100-a-month annuity for those at age 65 to be £10,244. As the balance shifts to 75 per cent women, the cost rises to £10,945. But even that is less than providing an annuity for a woman on her own.

Pension schemes offering an "open market option," in which members can either go with the trustee's annuity policy or buy one on their own, may find that sex will be the key determinant in deciding whether to exercise that option. "If I were a woman, I'd stick with the trustee. If I were a man, I'd run to the nearest insurance company," said Cunliffe.

SCHOOL fees went up by more than inflation again last year - but parents showed signs that they had, finally, worked out how best to plan for paying them.

Average fees increased by 8.3 per cent in 1992, according to the latest census of schools by the Independent Schools Information Service (ISIS). But this figure includes wide variations. Term fees for boarding schools increased to an average of £3,125, while day school fees rose to £1,368.

There are also broad regional variations. Boarding school fees range from £2,003 in Ireland (including both the republic and Ulster) to £3,532 in Greater London, while day fees vary between £886 (again in Ireland) to £1,540 in Greater London and the south-east.

More than a quarter of independent pupils now receive financial aid for their fees, most of which comes from schools' bursary and scholarship funds. Indeed, many schools are in such difficult circumstances that, often, they will be prepared to make a contribution just to keep their fee income flowing.

The government's assisted places scheme is useful for those on total family incomes of less than £25,000, and take-up is improving - 31,582

Help for school fees

John Authers explains how parents can benefit

pupils are now benefitting from it.

For those who have not saved in advance, ISIS has a special reserve plan which provides cheap lending facilities for parents. Draw-down loans come from the Halifax, and you borrow money only when it is needed for another term's fees.

This scheme has two big advantages. The first is the rate of interest, which is linked to the Halifax's base rate of 7.99 per cent. If borrowing is likely to be more than £60,000, the rate charged will be 7.54 per cent; this drops to 7.39 per cent if you borrow more than £100,000.

The second is that there are no strings to how you repay the loan - you are not forced to buy an endowment policy. Michael Kaye of Claremont Saville, the independent adviser which administers the scheme, says: "Endowment mortgages, long held to be an answer, are no longer attractive and are neither tax-efficient."

Instead, Claremont Saville steers parents towards the least risky and most tax-efficient investments first. In more complex cases, you can also opt to sell endowments to market-makers - which could give you a big pile of cash - or make them paid-up, thus avoiding further outlay.

The Isis scheme has been on offer for a year and now pays out almost £1m a week to parents. Obviously, it is still better to save in advance; but if your child is about to start school, and you cannot fund fees out of income, there is no need to borrow any more, at any higher cost, than you need.

For further information, contact Isis on 071-630-8793 or Claremont Saville 0344-28787.

ISIS FROM IVORY & SIME

THE CASE IN BLACK AND WHITE

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- The Monthly Income Plan aims to:
- Pay monthly income of £1,000 per year
- Pay interest from £1,000 to £1,000,000
- Preserve your capital over time through investments in high quality UK shares
- Make no initial or yearly plan charges

GROSS UP YOUR INCOME

The Monthly Income Plan lets you invest up to £1,000,000. Your income comes from small monthly deposits of your shares. To the extent that any part of the deposits are withdrawn, available capital gains tax exemption (currently £1,000) can be used to reduce the amount of the withdrawal. This means you can receive a return of 7.5% on the initial value of your investment tax-free. Capital gains are paid as a dividend return of 10.0% per year (higher rate taxpayers).

SAVINGS GROWTH

- The Monthly Savings Plan aims to:
- Reward continued saving with free loyalty bonuses.
- Achieve a tax-free return through the PEP option.
- Grow your capital over time through investments in high quality UK shares.
- Make no initial or yearly plan charges.

SAVING HAS ITS REWARDS

The Monthly Savings Plan invests your contributions for capital growth and rewards you each year with a free loyalty bonus for continued saving. The Plan offers PEP and non-PEP options - the choice is yours.

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FINANCE AND THE FAMILY

Diary of a Private Investor

When shareholders are caught bang to rights

Kevin Goldstein-Jackson casts a questioning eye over this year's plethora of issues and their merits

THUD: Another rights issue document falls through my letter box. So far this year, there seems to have been a plethora of them.

In January, my wife was invited to increase her very small shareholding in Burton Group by taking up her one-for-four rights entitlement at 60p a share. Reading the document, it seemed that the money raised would be put to good use: refurbishing many of the group's stores and reducing borrowing levels. The company was also cutting 933 staff employed in "head office functions".

In our wanderings around shopping centres, my wife and I had commented already on some of the dreary-looking Top Shop and Dorothy Perkins stores. It must be hoped that the money to be spent on them will encourage more customers.

But we also liked the group because of its flair for marketing: almost every week, it seems to find some excuse for another heavily-promoted sale in its Debenhams stores. My wife's shareholding in the group entitles her to a 12.5 per cent discount on all purchases at the group's shops, which

also include Principles and Champion Sport. This encourages shareholder loyalty.

My wife's decision to buy the rights issue shares has so far proved profitable, as Burton's shares are now more than 80p.

Much less appealing was Lonrho's three-for-10 rights issue in February at 85p a share. It seemed to me that this was pitched at such a level as to enable Dieter Bock, a substantial new shareholder in the company, to increase his stake through underwriting part of the issue.

Although I have made some good profits over the years from buying and selling Lonrho shares, the share price fluctuations in recent times have been too much. My holding at the time of the rights issue was, therefore, minimal.

But the imminent sale of The Observer newspaper (owned by Lonrho) to the Guardian and the rise in the price of gold (Lonrho has a 45 per cent stake in the huge Ashanti gold mine in Ghana), plus Bock's influence on the group's German activities, have made me wonder if Lonrho is due for a re-rating. The company has many

other interests, and I shall be monitoring it closely before deciding whether to increase my holding through the market.

In April, I received details of rights offerings from three companies: Davis Services Group, Sycamore Holdings and Television South West (TSW). I have not taken up any of them; indeed, the details have persuaded me to dispose of my holdings in two of those companies.

I bought shares in Davis for my personal pension scheme in February this year, paying 205p apiece in anticipation of good results in March. And Davis did announce good results: profits were up by more than £3m and the shares rose to 230p.

On April 7, though, the company sent shareholders details of a vendor placing and open offer of almost 17m new shares at 260p - plus news of its proposed acquisition of HSS Higher Service Group from Mowlem.

The cost of this was £52m - which I thought rather high for a company hiring out small plant, tools and equipment.



HSS appears to have net assets of less than £7m and had an operating profit (before interest charges and tax) of only £4.765m for the December 31, 1992 year-end.

So, I sold my Davis shares for 229p. I could well be proved wrong but, in these days of continuing uncertainty in the markets, I prefer to err on the side of caution.

Sycamore seems to be making a habit of rights issues. My

pension scheme took up its two-for-one offer in September 1990 at 10p, and I hoped the company's new management team would improve performance.

In June 1991, Sycamore made an open offer to shareholders of 17 new ones for every 20 held at a price of 19p. The company proposed using the proceeds to fund a number of acquisitions including Warwill, a foundry and engineering company.

By this time, I had reduced my holding substantially as I did not share directors' hopes for Sycamore's immediate prospects. Some of its products - particularly garden furniture - appeared increasingly unattractive compared with rival products. And I was not keen on the foundry business.

Thus, by the time of this April's two-for-five rights issue at 5p, my pension scheme had very few Sycamore shares left. What I read in the rights document caused me to sell the rest.

As I had thought, its garden furniture business had run into difficulties; these were explained away in the docu-

ment as "a combination of poor summer weather and depressed consumer demand." And, for the six months to December 31 1992, Warwill, had losses of £581,000.

Sycamore's other businesses were faring rather better, but the main reason for the rights issue was to reduce the company's borrowings as it had experienced "considerable strain" on its financial resources. I decided the risk of maintaining my holding was too great; there were better investment opportunities elsewhere.

As for TSW, a small ITV company that lost its franchise last year, I was its founder and, until January, 1985, the chief executive. At one time, I held 1.25m shares in it; now I have just 500, mainly for sentimental reasons.

The board of the company seems to have been well rewarded for losing the franchise - and for committing the company to a lease until the year 2000 on expensive office accommodation in Knightsbridge (west London) which, the rights issue document points out, has now led to provisions of £3m.

The chairman saw his salary increase to £149,000 in 1992 and the highest-paid director received £259,000 - up from £90,000 and £149,000 respectively for the 17 months to December 31 1991.

TSW's one-for-six rights issue, at 47p, is for the company to transform itself into UK Safety, a safety footwear business. I thought the offer was unappealing. So, I have several questions:

■ For what are the proceeds going to be used?

■ Is there anything in the small print of the issue document that might cause concern?

■ Will the existing directors of the company be taking up their entitlement?

■ Is the issue likely to be a success, or will many of the shares be left with the underwriters - so that the price falls eventually to below the rights price?

■ If the company was not having this issue, would I buy more shares in it at the issue price? If not, then why back the company further when I do not have 100 per cent confidence in it?

The answers to these questions will determine my reaction to the issue.

Directors' Transactions
Buyers take over

IN A RELATIVELY quiet week, there has been a change in bias from selling to buying.

This may reflect the improvement in directors' confidence for the economic outlook. Whether this will be sustained remains to be seen.

Shares in Linat Group, which designs and manufactures commercial catering equipment, have risen steadily since March 1992. That was when Martin Craddock, the chairman and chief executive, bought 15,000 shares at 72p.

Last week, John Craddock, the president, sold 250,000 at 148p, reducing his holding to about 144m.

At the end of March, British Polythene Industries completed successfully a one-for-six rights issue. Rex

Stone, the non-executive chairman, has now sold 200,000 shares at 485p to leave him with 550,069 shares.

Persimmon, a residential building and development company, has seen its share price rise 30 per cent relative to the FT-SE 100 index over the past three months. Last week, chief executive John White sold 80,000 shares - over half his holding - at prices between 271p and 277p.

The directors of Expanet International, the metal products company, have been buying shares since August last year. Dr John Roberts, the chairman, bought 450,000 last week at 53.55p, so increasing his holding to 504,843 shares.

Coin Rogers,
The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Aspen Nursing Servs	Hlth	50,000	105	1
British Polythene	PP&P	200,000	978	1
Croda Int	Chem	30,000	82	2
Haggas (John)	Text	16,000	19	1
Kode	Elcs	20,000	34	1
Linat	Misc	250,000	370	1
NFC Variable Voting	Tran	6,000	16	1
Persimmon	ConG	80,000	219	1
Pickart	EngG	7,000	11	1
Servotrax	Elcs	9,715	26	2
United Newspapers	Med	35,000	208	1
Walmoughs	Med	6,000	52	1
Whitman	Hlth	2,100	10	1
PURCHASES				
Aberdeen Trust	OTHF	50,000	15	1
Amberley Group	Misc	160,000	68	1
British Assets Trst	InvT	50,000	11	2
Brooke Tool Eng	EngG	150,000	77	1
Elcs & Gen Inv Co	InvT	50,000	49	1
Expanet	BMat	130,041	246	1
Half Engineering	EngG	17,788	33	3
London Forfaling	OTHF	200,000	389	2
MTL	Elcs	10,000	22	1
Pentols	BuSe	9,258	20	1
Smith Why A Ord	Star	2,500	11	1
Stratus Industries	EngA	21,505	76	5
Smith New Court	OTHF	35,000	74	2
Spear (JW)	Misc	4,000	19	1
Sun Alliance	InvG	5,000	18	1
TI Group	EngG	10,000	30	2

Values expressed in 000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the issues of options (if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 19-23 April 1993.

Source: Directors Ltd, The Inside Track, Edinburgh

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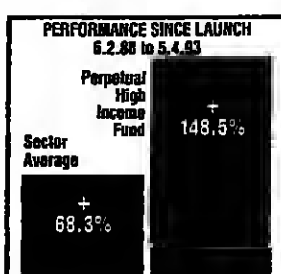
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FASHION

Dressing for the Professions: The Politician

Screaming to be seen as individuals

Ralph Atkins studies Westminster's moths and butterflies

PARLIAMENT, wrote psychologist and former Welsh Labour MP Leo Abse, is a Mecca "for all those who wish, even as they did in their nurseries but now without fear of disapproval, to scream with anger, spit at their enemies, attack opponents, boldly hit out at wrongs, real and imagined."

"Like moths around a flame, the aggressive flutter around Westminster."

He should know. The violently-coloured shirts and bowler hats he wore on Budget days in the 1960s stood out like a Red Admiral in a field of corn. He wanted to convey a message about something more pugnacious than fiscal stabilisers.

Politics is about individualism, a bid for attention. Dress is integral and sends out signals. It has to resonate with a politician's convictions - and, to be successful, that usually means distinctive. "If you put Lady Thatcher into Laura Ashley it would interrupt what she was saying," says Barbara Follett, past courier to Labour's frontbench. "Individuality is the most important factor when choosing what to wear. It is a mistake to look like an IBM executive clone."

More than any other professional, the politician is constantly visible - to local voters or colleagues they want to impress, to lobby journalists practising their own peculiar school of political lepidopterology, and, above all, to the television cameras. Bright media lights capture, as their first image, a politician's attire.

Chosen in pre-dawn darkness, before dashing to breakfast television studios or taking leisurely breakfasts before the 2.30pm Commons sitting, clothes emit hints of mood, sincerity, competence, dedication, determination and affability. The houndless range of political characters turns Westminster into a laboratory of fashion experimentation.

Margaret Thatcher is a pacesetter in her stateswoman-like but, oh-just-slightly, slinky suits. Together with her practical Marks and Spencer shoes, her outfit is a cocktail of chemicals - powerful, moral, respectful, ruthless and, to some fanatical admirers, sexual. Hers is the uniform most mimicked by women MPs. She was always impeccably turned out as prime minister.

Perhaps the image was too contrived. Virginia Bottomley, health secretary, wears pastel shades - the "Mumsie look," mlaows another female on the Tory benches - and has a softer image. Her outfit says: "The National Health Service

is safe in my hands." But there are constraints. Tenderness has to be combined with toughness if we are to be sure that she can stand up to the brutal, mean-spirited boys at the Treasury where tailoring is usually black or very dark from the chancellor, Norman Lamont, downwards.

Bottomley dresses to care. Thatcher looks as if hiding a bent to kill, her armoured glamour suppressing the human being inside. If there is one.

Employment secretary Gillian Shephard wears similarly aggressive outfits to those of the former prime minister - sometimes in flamboyant yellow, like a fiery Brimstone butterfly. She is a fighter, battling, sometimes semi-publicly, over coal policy with Michael Heseltine, the epitome of

gentrified political ambition - down to the last groomed hair riding over his double forehead to the collar of his tailored suit. Heseltine's clothes are precise and calculated, shirts stiffened and reeking of purposefulness - telling us, maybe, that his hopes of winning the prime ministership are not yet thwarted.

The variety of butterflies and moths fluttering at Westminster, searching for a collar or trinket - or frequently more - that will make them stand out, is plentiful.

Spats and hats have gone but there are still waistcoats around, distant echoes of parliamentary fashion when Winston

Churchill was polishing his sound bites, gold chain dangling from his waistcoat. "I regard Parliament as a formal occasion," says Greg Knight, government whip, who wears his slate-grey three-piece suit even in the height of summer. "It is not a branch meeting of the boilermakers' union. MPs should dress accordingly."

A single item of clothing is enough to make a statement. Douglas Hurd, foreign secretary, and Tristan Garel-Jones, Europe minister, wear green Austriac Loden coats favoured by the continental bourgeoisie. At once, the Foreign Office's image of dusty Victorian sensibility is draped in European culture and idealism. Together they are formidable. "I see you are wearing your single European coat," said John Major as they approached him once.

Labour may have been mistaken at the last election in using standardised clothing guidelines to reinforce a particular image. The party wanted respect and credibility; it needed to build trust with the electorate. But the forced image backfired, a warning, perhaps, that to dress against the grain of your character can be as bad as not worrying about dress at all. Lack of sincerity and passion loses votes. More flair was in order.

The grey jacket of Dennis Skinner, the Labour MP for Bolsover, has chips woven into the shoulders - but, no matter how unappealing his stubbornly left-wing rhetoric, he scores high in sincerity rankings. So does Jeremy Corbyn, Labour MP for north Islington, who wears sport jackets - often without a tie - and baggy trousers. He shows off his working class conscience by carrying papers in a plastic bag.

At the opposite extreme, Richard Ryder, the government's chief whip, is the most *pionissimo* of statesmen. His suits are anonymous. His mannerisms gentle as he prowls Westminster's corridors. Former prime minister Harold Macmillan would put on his Grenadier guards tie when the government was in trouble. Likewise, Ryder vents his feelings via bright blue, green and red ties. He wears them like warning signs. Red tie at night, Euro-sceptics delight.

The boundary between individualism and eccentricity is narrow. "We are not pop stars. We are serious managers of the country," says Ann Widdecombe, social security minister, who wears smart-but-practical skirts to visit benefit offices under construction. She would not be so presumptuous as to cite examples. But

Nicholas Fairbairn, Tory MP for Perth and Kinross, is famous for his tartan trews - and little else. Eric Forth, education minister, mixes glowing colour ties and handkerchiefs with classic waistcoats but is in danger of undermining his credibility as a minister. People talk about Austin Mitchell, Labour MP for Great Grimsby. They talk about his garish ties.

At Conservative Central Office, the advice of the communications experts is that politicians should not dress in a way that distracts from what they are saying. But there is a paradox. Too much effort in creating an image can be misspent. "Sharp changes are not advisable. The important thing is the comfort of the person," says one senior official. "The way you dress is an expression of how you see yourself."

He is right. Kenneth Clarke could not be a teddy bear-like rogue of a home secretary if he tightened his belt or swapped his Hush Puppies for shiny black Lobbis. William Waldegrave, public services minister, could not keep up his impression of "Academic Tortured by the Fehrlity of Westminster" if his trousers were pressed and the waistband not turned inside out. They are making statements; what they are is more important than the way they dress.

So too is Paddy Ashdown, the Liberal Democrat leader and former marine, who - in spite of his action-man image - dresses from head to toe in Marks and Spencer menswear. His dress sense says he wants off-the-peg respectability without too much effort.

For John Smith, Labour's leader, there is an expression of anger or reformist zeal in the sonorous, dark suits he buys from Slaters, the Glasgow tailor favoured by lawyers. But there is a tad of ardour from the floral ties chosen by his fashion student daughter. On the Tory backbenches, among the sea of suits, there are chrysalises of youthful ambition waiting to break out and steal the show.

Alan Duncan, suave MP for Rutland and Melton, says MPs "need to show authority and a little bit of wit". He recommends a tailored suit (four buttons per sleeve); silk ties (small motif), cotton shirts (double cuff, not white) and good shoes (tassels permitted).

It sounds wizard advice. But he has yet to get a government job. A better guide would, perhaps, be more general. Politicians need to dress according to their personality but without being fastidious. Dress is both important and not important: there are limits - the need to look respectable, to inspire confidence - but the politician's character needs to shine through, to shout for attention.

Yet, as if to prove there will always be exceptions, there is John Major. He lacks even a smidgen of wit in his dress, and he avoids individualism. In his accountants' suits and pale shirts, the prime minister would be lost on a commuter train.

What is his message? Respect but ordinariness, a man of the people, perhaps. He has made it to the top yet is still - not quite - seen as a natural leader. In his dress, there is no aggression or dash. He is the Cabbage Grey that sucks the best nectar.



Thatcher: a pacesetter with oh-just-slightly slinky suits



Smith: sonorous suits from his Glasgow tailor



Hurd: wears coats favoured by continentals



Bottomley: dresses to care

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FASHION

A breeze from Africa clears the grunge

British designers are rediscovering the colonial look says Avril Groom

AN UNEXPECTED thing happened to the British design fraternity this spring. While all around were losing their heads to the dubious delights of the grungy 1970s revival, causing many observers to wonder how any one selling designer fashion was going to make a living this year, the British headed unanimously for a different form of nostalgia - Africa.

Finally, British designers seem to have learnt that fashion must be not only exciting but saleable. For here are elegant, interesting summer clothes that will see you through from office to holiday. For designers such as Mulberry and Margaret Howell, the British mood of colonial nostalgia is a hardy perennial. Their time has come again with the return to pale silk and linen, neutral sueded and long, wispy skirts.

Others, more susceptible to fashion's whims, have made a strong statement of the same style. So too have the chain stores and, interestingly, commercial European houses such as Georges Rech, Sportmax and Louis Feraud. The original

master of this look, Ralph Lauren, who even named a perfume Safari, carries it off to perfection.

The colonial revival comes from a recognition that nostalgia is in the air, but that women mature enough to afford designer clothes favour the elegant 1930s and 1940s. In the politically correct 1990s, the quiet colours, natural fabrics and textures of safari dressing have an asceticism that seems contemporary. It is also natural fashion territory for British women.

As Paul Costelloe points out: "That soft, beautiful image of the Englishwoman abroad, in a pale dress sheltered by her parasol or gently sunbathed on a grand safari, has a natural resonance with my sort of customer. Perhaps it is my age, but I don't look on the 1970s with affection. I was working in America and I remember too many size 24 Southern belles in hotpants and waistscoats. I don't think women want that again."

Roland Klein, whose long safari dresses in heavy, textured linen have swayed and full or svelte slim skirts, believes his customer is "not



on the hippy trail. She is forward-looking and likes the modern practicality of the safari look."

But this modernity has retro overtones that make it distinctly different from the last time around. As softness is the key to this summer's fashion, so colonial safari style has adapted too. It is a long way from the crisp, cotton khaki

shorts and T-shirts associated with the real thing. Margaret Howell, the designer, says it is her standard summer look, "but I always adapt to current fashion and this time it is softer, longer, more antique-looking."

Designer Arabella Pollen describes the mood as eloquently as do the chiffon ties on her floppy safari suits: "It's

Africa as seen by 1930s Hollywood - a glamorous woman arriving in the bush, beautifully but over-formally dressed." In fact, recent film titles are perfect scene setters: *Out of Africa*, *White Mischief*, *The Lover* and *Indochine* have the same basic fashion message, albeit from different periods and areas.

It is the unchanging tropical version of past elegance - simple, hot-weather shapes plus an unstructured jacket for the cool of the evening or the hill country. The difference is in the softness and in new ways of layering the shapes. A safari jacket may have gently rounded details, a long skirt has fluttery pleats or an A-line cut to give movement, trousers are wide, pyjama-style in the softest silk, and the crisp shirt is replaced by a slip of ruffled chiffon.



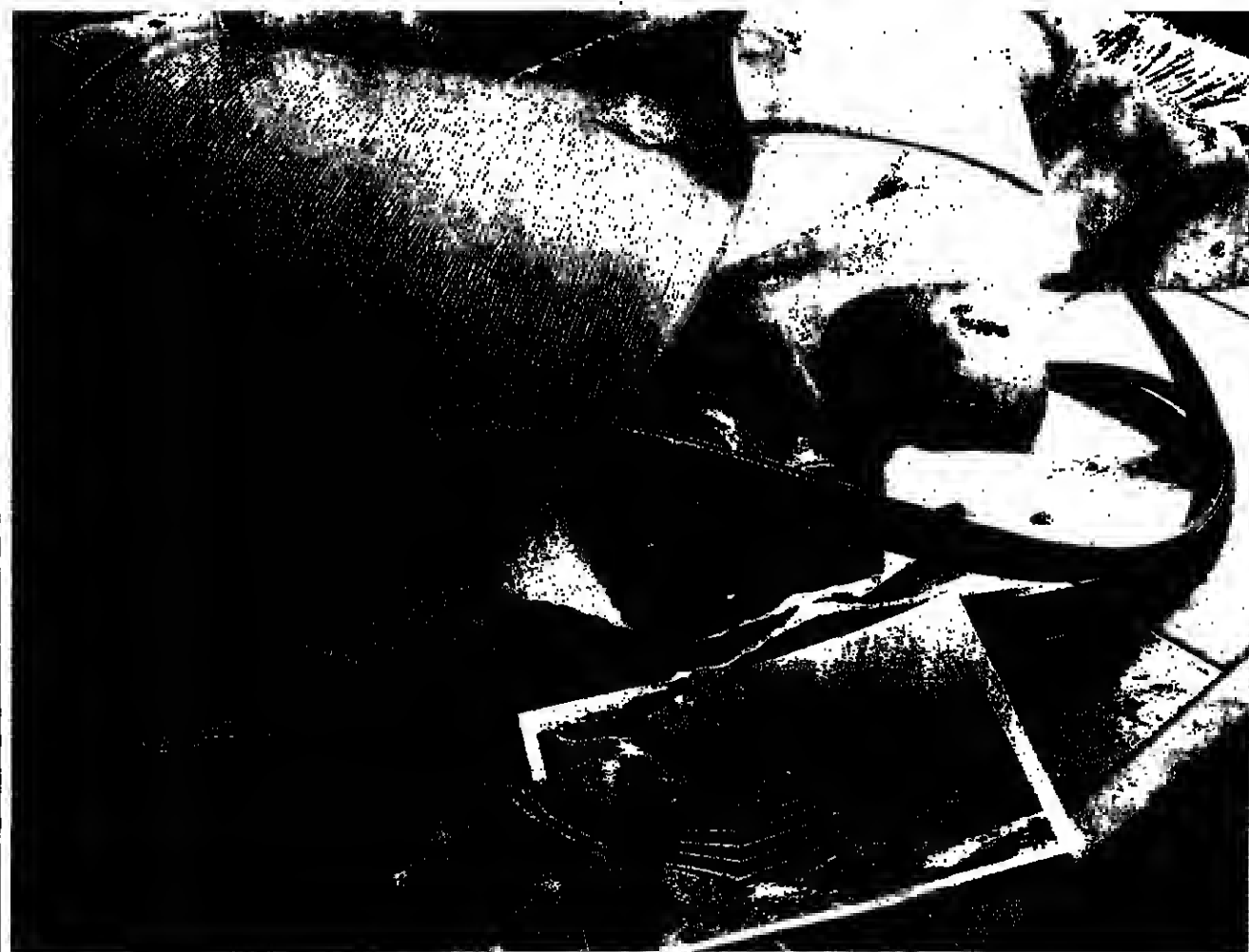
The mixes to try are a soft snede waistcoat over a long linen dress, a sleeveless frock worn like a pinafore over a tiny sweater, the low-necked feminine blouse under a tailored safari suit, and the softest silk scarves and throws with everything. Going on fashion safari always makes sound commercial sense but its latest reinvention follows a very fresh track.

Cotton blouse, £120 from Ralph Lauren, New Bond Street, W1. Silk skirt, £39.99, linen waistcoat, £24.99, beads on arm, £4.99, all from Oasis branches. Silk scarf by English Eccentrics, £89 from Liberty, Regent Street, W1 and branches, Harvey Nichols, Harrods and Matches of Wimbledon. Belt, £35 from Mulberry, Gees Court, W1 and Drakes of Old Amersham.

Silk chiffon blouse, £485, silk rib pyjamas £515, silk shawl, £470, all from Ralph Lauren. Double-barrelled rifle, antique skin and cases from J. Rigby, SE1. Chair, throws and cushions from Mulberry At Home, Harvey Nichols, SW1. Hair by Peter Forrester for Daniel Galvin, W1. Make-up by Kit Colbeck

Picture: Trevor Leighton

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Linen dress by Paul Costelloe Dressage, £189 from Fenwick, Harvey Nichols, Knightsbridge SW1, Frasers of Glasgow and Kendals of Manchester. Suede waistcoat, £45 mail order from The Done Thing, 0835-278741. Hat, £100 from Herbert Johnson, New Bond St, W1. Sandals, £24.99 from Falth branches. Soft wool jacket, £277, skirt,

£177, viscose blouse, £150, all by Arabella Pollen from Harvey Nichols, Bamboo of Leicester and Little Black Dress of Leeds. Sunglasses by Totes, £7.99 from Boots and main department stores. Gloves by Dents, £26.95 from Selfridges, 0835-212291 for other stockists. Umbrella, £135 from Margaret Howell Brook Street, W1 and Beauchamp Place, SW3.



Silk top, £85, cotton chino skirt, £85, belt, £55, all from Mulberry, Gees Court, London, W1. Top also from Workshop of Richmond, Surrey and Designing Women of Oxford. Skirt also from Workshop and Hoopers of Tunbridge Wells. Belt also from Unlimited

Edwards of Dublin. Hat, £41.95 from Fenwick. Gold-plated necklaces by Barbara Bosh Nelson, £165 and £175, from Harvey Nichols, Moore and Co of Windsor and Little Black Dress of Leeds. Bag by Soco, £88 from Harrods.

HOW TO SPEND IT

The designer office in your living room

Santa Raymond visits four professionals who have created a happier home by making themselves a modern workspace in it

TRADITIONALLY, working at home has been the preserve of writers and mothers and small independent operators. This has changed. Today even executives such as Richard Branson work in their living rooms and Steven Jobs invented the Apple computer in a garage.

John Worthington, a founder of DEGW, an office design group, believes women working at home have got it right. "They have set up a model which will be followed by many in the future." The model may provide an environment which lacks intellectual stimulus and social interaction but it often includes an attractive environment.

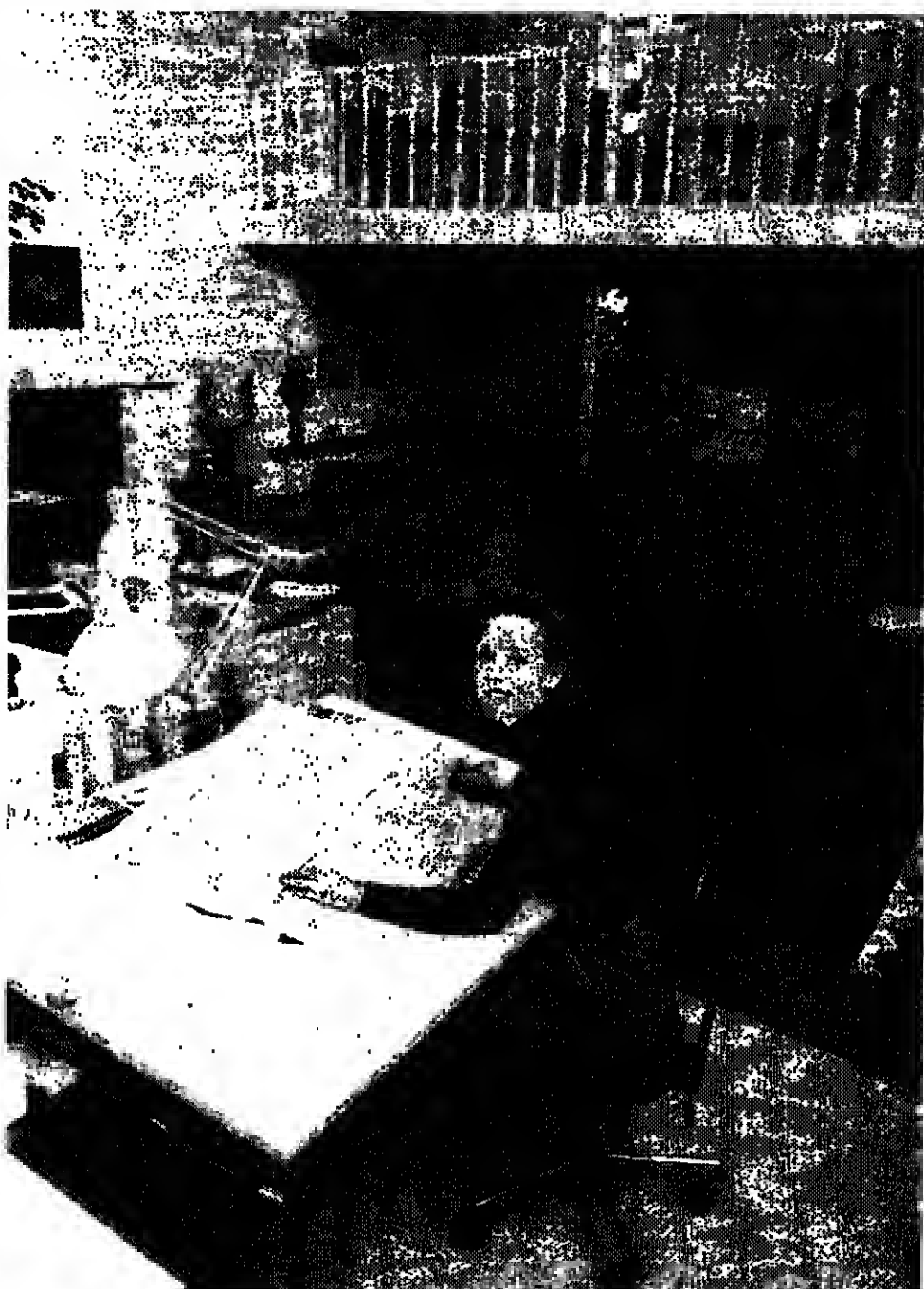
Working from home can offer pleasant views and peaceful surroundings, natural light and ventilation. It can save time and money and reduce pollution caused by commuting. It can offer low overheads and tax advantages. Home workers can spend time with their families when their families want to spend time with them. They can work as many hours as they like without being cut off from home life.

Not everyone can work from home - half the working population do jobs which require their physical presence in a particular place, and for them the traditional pattern of commuting to work will remain largely unchanged. But the other half - some 11m people in Britain - could probably work as well, or better, in their homes.

Pauline Hodson, a psychotherapist, consults in a converted garage at the bottom of her garden in Headington, Oxford. It must be one of the nicest offices around. It is clad in timber inside and out, furnished with antiques and a great colourful rug is simply flung over the sofa. The view through the full height window to the stream beneath is breathtaking - a good place to work and to be.

Pauline's consulting room has its own separate entrance, just like the office of her husband Noel. He works on the far side of the house in an extension squeezed along the boundary wall. His view is also magical. A great cherry tree screens the glass roof from the sun. Trees and plants enclose the garden facade; one might be on the edge of a forest glade.

Noel Hodson is a prophet of home working. He chose it in order to spend time with his



Home and gardens: assistant Clare Cape works on a landscape design in Marina Haidopoulos Adams' studio

young daughters. Fifteen years on he is a leading teleworking consultant with an impressive client list, mainly built up during the past three years. It contains nearly 100 large organisations, including BT, of course, IBM, Marks & Spencer, banks, building societies, insurance brokers and local authorities.

Noel is writing a book on teleworking, networking with 16 co-authors all over the UK and one in the US. He has an all singing and dancing computer hired from BT and co-

nected to an Integrated Services Digital Network line for maximum clarity.

His office is a most civilised place. It is heated by a cast iron wood-burning stove containing a flickering fire. This keeps house and office heating separate, and can be left on at night at a low temperature to stop the photocopy paper succumbing to the damp. The natural timber windows, beams, columns, and furniture, the green carpeted floor, the pictures hanging on soft white walls, all add up to an inviting environment.

There is enough room for a meeting of 10 people, or for Noel to have a good stretch. The furniture is basic: work

tops are supported by filing cabinets and there is not even a special desk chair. Noel says he can work a 15-hour day at the computer without suffering neck or back ache, but his eyesight is deteriorating. The office took eight weeks to build and cost £30,000 (paid for by a business loan). Pauline's garage conversion cost just £12,000, but it lacks a lavatory.

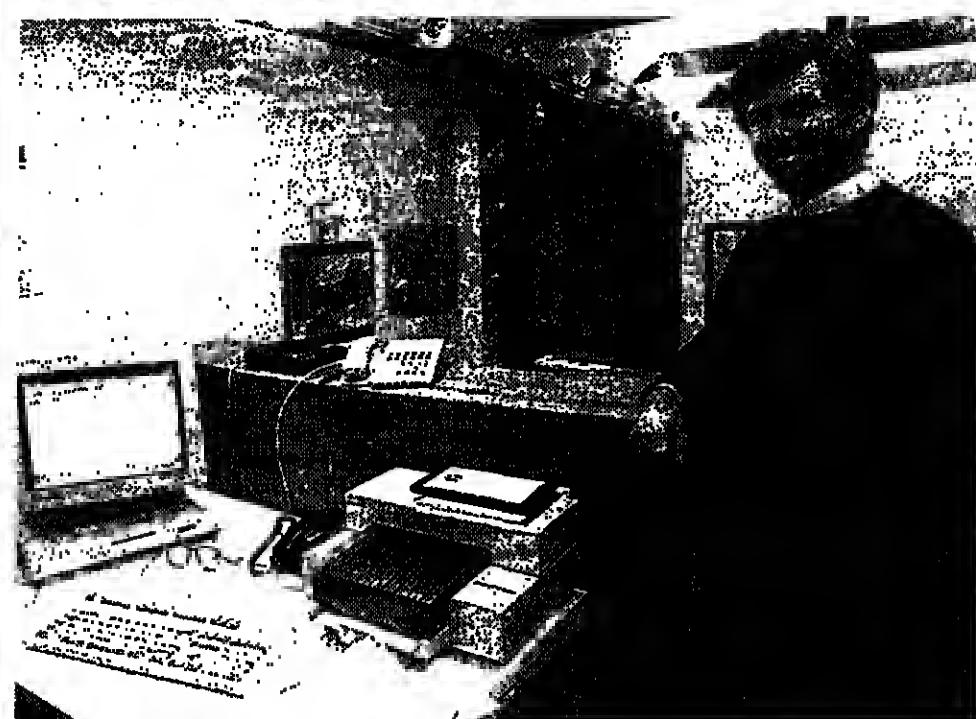
As with many home offices the weakest design element is the lighting: too much in the wrong places. Noel himself is not happy with it. The 19 spotlights ranging on tracks along the beams provide illumination that is attractive, but insufficient at his main workstation. It uses a lot of energy, gener-

ates a lot of heat and clashes with the elegance and precision of the rest of the place. The office also suffers from that perennial complaint - insufficient filing space. As Noel says, with faxes and photocopies we generate more paper now than ever. Even with six filing cabinets, a stationary cupboard and a lot of shelving, he still does not have enough storage space.

In working at home, Alan



The modern atelier: industrial designer Alan Tye in his office at his home in Hertfordshire



The home office: Noel Hodson communicates with colleagues through his computer and his telephone

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In working at home, Alan Tye, a Royal Designer for Industry probably best known for his Modric range of ironmongery for Allgood, is following the atelier tradition of his Swedish wife, Anita. He considers himself a special adviser rather like a QC. As a product designer with all the resources of his manufacturing clients, he can operate large scale jobs with a small team in a way which, he says, would not be possible for straight architectural practices.

He created ample storage space by using Remploy's

mobile Lundia system to fill two whole bays in his office with four double-sided shelf units which can be rolled across the floor on tracks like in a library. His office was conceived as a model of what the modern workspace should be. It nestles in a garden with tall trees and a raked gravel driveway. It appears to grow from the contours of the 1970s house. The white walls spring from the modernist movement but are totally sympathetic to the site on the edge of a small Hertfordshire town.

The office is a light, bright space, with a translucent ceiling and large windows looking out to courtyards furnished with alpine plants and a little waterfall. The dark stained telegraph poles, (the cheapest and most effective of beams) or their almost invisible polished concrete columns, form a strong horizontal plane.

The building was designed from the inside out, with the spacing of the telegraph poles

springing from the modular desk system, Herman Miller's Ethospace. It is not cheap, but it is one of the few which has adjustable worktop heights, essential he says in any healthy office. The supporting panels and cupboard fronts, covered in blue-grey flannel, provide sound-absorbent surfaces.

The five work stations (three with VDUs), each with pale timber work tops, include one for a secretary complete with a rusty steel reception shelf. This material is used in various places including radiator fronts, and for three curved steps leading up to a practice room, which doubles for Tai Chi, the mainspring of Alan's work and beliefs.

Lighting is provided by low voltage spots and high frequency fluorescent lamps fitted under high-level cupboards.

Flyproof mesh covered openings provided the ventilation and there are extractor fans for

the summer. Underfloor heating provides ideal temperatures throughout the space. At a cost of £100,000, the 100 square metre single storey building is good value for money, though it did take a long time to build.

Marina Haidopoulos Adams, a landscape architect, carries out large international projects from her Kensington studio. She works with up to four assistants on hospitals or schools in her native Greece, private gardens in France and Germany, or conservation schemes in the UK. She has a word processor but does not use computer-aided design.

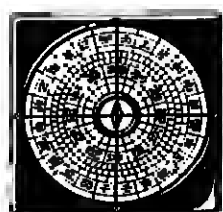
Marina's is a great place to work and live and sleep. There are flowering plants at the door, quince blossom inside the studio, great north-facing lights looking up into the sky, edged by fine Victorian brickwork.

Her bed in the gallery looks down on to the sitting area lying between the workspace and the eating and cooking areas under the gallery. Grey sofas focus on a stripped steel fire surround (containing an operational grate). An antique dining table, laid with fine cutlery, glass, china and linen, antique chairs, and wicker fronted kitchen cabinets, provide a very different aesthetic to that of the office just across the room, even with the warm, 19th century floorboards flowing right through.

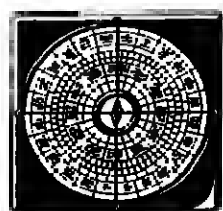
For Marina, there is no physical divide between working and living. She works when there is work to be done, which may be all day non-stop, evenings and weekends; but she has no guilt about not working when there is no need. She takes things as they come and slots the plumber's visit into her general routine. She chose this very close mix between professional and private life when newly divorced and needing to house herself and her teenage children.

■ Santa Raymond is an architect who specialises in the design of office interiors.

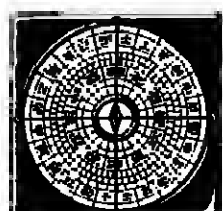
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With pots of confidence

Nicholas Lander on a set of pans that made him feel like a real cook

AS A restaurateur, I used to watch every service in the kitchen with mixed emotions. I felt anxiety because I was the proprietor. Would the food reach the right tables, in the right sequence, to the right standard?

Nowadays, I feel relief and gratitude at not having to earn my livelihood on my feet in front of hot stoves for eight hours a day. But just how do professional chefs cook well and always manage to have the right equipment on hand at the right time?

It is possible to equip yourself with most of the accoutrements of a professional chef by visiting one of the shops in London's Soho which cater for the professional chef - for example Leon Jaeggi - or by taking advantage, as many restaurants do, of the mail order catalogue of ABE Nisbet in Bristol.

Recently, though, my culinary skills were enhanced by a new range of cooking pans which fulfilled two essential roles. The first was to instil confidence: to give me, at least, the impression that I was cooking like a professional; and, second, to stack conveniently so that they did not take up valuable shelf space.

The pans are part of a gourmet cookset called The Compatibles from Amway - there is also a matching set

of cooking knives and cleavers - in two lots of 11 pieces. The basic set comprises four saucepans with capacities from 1 litre to 4 litres; an all-purpose skillet; and a double boiler. The accessory set adds, usefully, a 6-litre pan called a Dutch Oven; a 6-litre steamer; and an accessory rack for those still devoted to poached eggs. The pans are not sold individually; the basic set costs £439.95 and the accessory set £222.95. The complete set, of 22 pieces, is £595.95.

The full set would make an excellent investment for any keen cook. Made from special, heavy-gauge steel (minimum 18 per cent chromium for hardness and 8 per cent nickel to resist corrosion), they look impressive and are easy to clean, inside and out.

Most important, they transmit heat evenly and felt comfortable as soon as they were put on the stove - either gas or electricity. The set scored well on fine details, too. The lids fitted tightly and the handles never became too hot.

The booklet that accompanies the set offers useful advice on how to put the set to its fullest use. I would add only that you should follow carefully the concise guidelines for cleaning the pans before using them - otherwise, their coating can be distinctly malodorous. These pans, and a whole



Ashley Lloyd

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FOOD AND DRINK

A new-wave French vigneron

Jancis Robinson looks at why growers must change to survive

THIRTY-ONE-year-old Jean-Philippe Fichet is typical of a new breed of Burgundian. He was brought up in the village of Meursault, a name that spells gold, glory and expense to white wine lovers. Like most of his contemporaries, he comes from a family of vignerons.

His father has 5.5 hectares (14 acres) of vines in Meursault and the neighbouring villages of Chassagne-Montrachet and Puligny-Montrachet. Like most of the older generation, Fichet Père has always sold his wine in bulk to the *négociants*, the big wine merchants of Beaune. Thus, the name Fichet is not known to the wide wine-buying public, only to the brokers or *courtiers* who have until recently trawled the region for wine to pour into the *négociants'* blends carrying the famous village and vineyard names of Burgundy.

Until very recently Fichet was a name on sample bottles rather than wine labels.

But Jean-Philippe realised, or perhaps sensed more intuitively, his roots being so deep in the poor soils

of Burgundy, that his father's way would not be his way forward towards the next millennium of Burgundian history. He wants, simply, to make great wine, and to see it enjoyed with his own name on it.

He has seen what his cousin Jean-François Coche-Dury has achieved by establishing his Domaine. By doing everything possible to maximise quality at the expense of quantity, Coche-Dury can sell every bottle he makes three times over. And yet he still sells the less successful wine he makes in bulk to the *négociants*. Such dedication can hardly fail to inspire.

Young Fichet's motivation is far from financial. He is heavily in debt and reckons it will be at least 10 years before Domaine Jean-Philippe Fichet does anything more than

cover its costs, but his ambition makes even more sense now that the *négociants'* warehouses are full and their prices have tumbled. (In 1989 they were paying FF15,000 for a barrel of Bourgogne Blanc and FF15,000 for Meursault today they may pay only FF11,000 and FF16,000 respectively.)

He has been making wine for 11 years now, since he was 20, but happily admits that it has been only for the last four years, from the 1989 vintage, that he has been making good wine (although even his 1987 and 1988 vintages were praised in the influential American Robert Parker's book *Burgundy*).

Jean-Philippe, who exports 80 per cent of his small production, realises he needs to expand his horizons outside the village of Meursault. Accordingly, he made

his first trip to England last month to show his wines at the annual Burgundy tasting of his UK importers Morris & Verdin.

Jasper Morris delightedly told him about a blind tasting championship held recently for winecellars customers in London to assess the relative merits of France, Italy and Australia at various price levels.

It was apparently entirely due to the overwhelming enthusiasm for Jean-Philippe Fichet's Bourgogne Rouge 1990 (£7.50 a bottle) from Morris & Verdin that France "won" overall, but the young Frenchman was unimpressed.

"Wait till you see my 1992," he said with a smile.

Fichet admits that he is a terrible taster, in the sense that, like any passionate winemaker, no matter

what the wine, he is always looking for its faults.

He says he has learnt by hanging around those whose wines he admires, such as cousin Coche, François Jobard and Dominique Lafon of Meursault's famous Domaine Comte Lafon ("although someone like Dominique isn't going to tell me all his secrets," he says with due modesty).

Although his passionate dedication to quality is shared by an increasing number of young vignerons all over Europe, people who, a generation ago, might have left the countryside rather than inherited an agricultural way of life, surely many of his contemporaries are just coasting along on the endangered reputation of yesterday's Burgundy? Isn't it difficult to maintain

friendships when at such professional variance? Strange that the French do not have a word for the shrug they employ so usefully.

Dissatisfied with the temperature and humidity in his rented *cave* he set about finding the sort of "silent, secret place" he thinks great wine needs. He is now renting a deeper, larger cellar from the Commune of Meursault where he can boast of a fairly constant, natural 16°C and nice, damp conditions to keep the oak barrels supple.

He is wary of new wood and uses it sparingly only for his very best wines. But he understands the importance of establishing a rapport with his cooper, Dany, in Meursault. "You can't just ring up 10 days before harvest and expect to get the best barrels," he says. In little plots around Meursault,

Chassagne, Monthelle and Volnay, Fichet now owns just 2 ha of red and white vines and is renting a further 5 as a sharecropper, which means he cannot reduce yields as much as he would like. When his father retires, his three siblings will leave him free to take over the family vines and practice the ultra-strict pruning he believes necessary to squeeze extra concentration into the resulting wines.

But what does his father think of his son's quite different working philosophy? "Ah," smiles Jean-Philippe ruefully. "It is the job of a father not to say anything. But what I think he thinks is that what I am doing is sensible for today's conditions."

■ Fichet wines, of which the meaty Meursault 1990 is a £16 star, are available from Morris & Verdin, London SW1. (Tel: 071-630-8838). Coche-Dury wines are (sometimes) available from Lay & Wheeler of Colchester (0206-764446) and Winecellars are based in Wandsworth, London SW18 (081-871-3668).



Venice: pick up your weekly fruit and veg from a gondola

Common Markets

Life on the Rialto

THERE WOULD be no prizes for guessing that the market in Venice is one of the world's loveliest. It is just by the Rialto bridge on the opposite side of the Grand Canal to St Mark's.

Its stalls shelter under a collection of medieval and renaissance arcades. It can be maintained that the scene of the early morning market at the Rialto has remained substantially unchanged since the early 17th century.

Near the bridge are fruit and vegetable traders with their heaps of courgettes complete with delicate yellow flowers and those baby artichokes (*castruere*) so beloved of the Venetians. Treviso red lettuces provide a splash of contrasting

colour to the bundles of green asparagus and the white stalks of Swiss chard. The meat market reveals a healthy interest in offal - and not just the famous calves' liver but cows' udders and a dozen different sorts of tripe. The butchers make up pretty skewers of meat called *spiedini* with chunks of aubergine between the flesh and pile

cherry crop is still despatched from Cérêt in the Pyrenees to the Elysée Palace) to the melon market of Cavallotti, to wild mushrooms and the onset of autumn and the truffle markets of Piedmont. Over the next few months *Weekend FT* food and drink writers will be visiting some eye-catching markets, starting this week with Giles MacDonogh in Venice...

them next to bright yellow chickens and guinea fowl. Fish is the most dramatic display. Lobsters, scampi and razor-shells lie alongside big-bodied spider crabs. There is tunny and sword fish, skate and scorpion fish, tiny soles and mullet, cuttlefish and dried cod in the form of *stoccafisso* and *baccala*, gurnard and sea bass still

seasoned mountain cheese called *Montasio*. The bakers' shops, with their olive breads and chunky cakes, are the last relics of Venice's prosperous spice trade. An amber-coloured ring was filled with dried figs and nuts. Dried fruit and nuts represent the tradition of Austrian imports, which go back to the years when Venice was part of the Habsburg Empire.

At carnival time Venetians eat as many *Krapfen* or doughnuts as the Viennese, and there is also the *Kranz* and the Venetian strudel (heavier and richer than the Austrian equivalent). In the smartest shops you may even find *sachertorte*.

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Giles MacDonogh

Cookery / Philippa Davenport

The scent of elder is in the air

NOW YOU see it, now you don't. The elderflower season comes and goes as fast as a conjurer's rabbit. Scottish readers can relax for a bit, but those living in sheltered corners of the south should be sharpening their secateurs in readiness to cut this year's crop of the hedge-row muscat - a mere whiff of which can send ex-patriates reeling with nostalgia for Elysian English landscapes on balmy summer days.

The first elderflower blossoms of the season deserve to be enjoyed as a treat in their own right. Forget about calories: dip them into a fluffy egg-white batter and deep-fry them for the best-ever fritters. Eat them without cream; that would be over the top. Just dust them with sugar for crunch and squeeze lemon juice over them.

The second great use of elderflower is in drinks. Home-made country wines are not my scene but elderflower champagne was - until I discovered it is usually, but not always, peddled and can go off with a bang. A few summers ago, I took some bottles to the Royal Show. One of them exploded in the middle of the night and caused something of a stir, with police dogs sniffing out the area in readiness for a royal visit next day.

A safer bet is elderflower syrup, a heady concentrate of the fragrant blossom. It makes an agreeable stand-in for elderflower champagne if diluted to cordial strength at the point of serving with a slug of lemon and plenty of fizzy mineral water. (Commercial elderflower cordials are less enticing; usually, they are made with citric acid, not lemon,



which gives them a tinny, citrus quality).

The third - some would say the best - use of elderflower is in conjunction with little green gooseberries (although this pairing often is difficult to achieve since the gooseberry season, which supposedly coincides with that of the elderflower, does not always make it on time).

Twirling a head or two of elderflower round and round a gooseberry jam pan, and raking the florets into a pie dish or fool, produces magic results. But when you have no fresh blossom, a slurr of elderflower syrup provides an instant and sublime remedy. So, make elderflower syrup as soon as you can so you will have it to hand when I come to write about

cooking with gooseberries in a month or so.

ELDERFLOWER SYRUP

You will need about 18 fine blossoms. Pick them away from both main roads (where they will be heavy with pollution) and intensively-farmed, chemically-sprayed fields (same reason). Choose blossoms that have just unfurled to the full: that is when their scent is best. Do not wash them: just shake them to get rid of any dust and wild life.

You will also need one organic or unsprayed lemon, preferably the aromatic Amalfi variety. Grate the lemon zest into a saucepan. Add ¼ lb granulated sugar, pour on 1 pt water and bring to the boil. Add the blossoms, cutting off the stalks close to the creamy heads as you drop the flowers into the pan.

Push them well down into the liquid and bring back to the boil. Cover the pan and set it aside until the contents are cold.

Then, squeeze the juice from the lemon, stir it into the syrup, strain through a muslin-lined sieve and bottle. Store in a properly cold cellar or refrigerator. It should keep for nearly a year.

Appetisers / Nicholas Lander

Two rebirths

TWO LONDON restaurants, Beauchamp Place, on the site of the former Ménéage a Trois at 15 Beauchamp Place, SW3 (Tel: 071-589-4252). Bright decor, Mediterranean influences on the menu and a month-watering wine list at extremely keen prices.

Second, Walsh's, a seafood and oyster restaurant at 5 Charlotte Street, W1, (071-637-0222) where Rue St Jacques used to be. Owned by the family which founded the Wheeler's restaurants, its decor bears an eerie resemblance to the original.

Two useful addresses omitted from our round-up of restaurants in the theatreland. L'Escargot has now reopened at 48 Greek Street (071-437-2579). It is just around the corner from the not to be missed Crazy for You at the Prince Edward Theatre while, for opera goers, there is the long running Cafe Pacifico, 5 Langley Street, London WC2H 9JA. (071-240 7075).

My recent article on matching food and wines excited the senior management at The Savoy. Now every Thursday the food and beverage manager, head chef and sommelier meet to discuss and taste dishes and match them with suitable wines from the Savoy cellars for the following week's dinner menu in the River restaurant (071-838-4343).

The four-course menu with a glass of different wine at each course is £45 per person including VAT, service and, if you are on the right table, a view

across the river Thames.

Finally, to *Horris*, the gardening magazine, a sister, *Convivium*, a quarterly journal devoted to good eating. It offers first-class writing, sympathetic line drawings and is available at annual subscription of £25 from Convivium, The Neuadd, Rhyayder, Radnorshire LD6 5HH, Wales. Tel 0597-810227, fax 0597-811386.

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Real home cooking

Nicholas Lander on a house conversion with a difference

THE CLEANING lady thought of it first. "If all else fails," she said, "Mrs Graham, you can always open a restaurant in your dining room." Amanda Graham needed no further urging. Nine months later, Colquhoun's was born at Alton, Hampshire.

Necessity was the mother of this culinary creation. Like many others, the Grahams were finding life tough in the recession. His architectural practice was suffering and could no longer afford her secretarial skills. There were three children, aged from 12 to 16, to feed and educate.

Their large, double-fronted Victorian house had a dining

room that would, they calculated, seat 20. And Amanda was not without experience: early in the 1980s, during the previous recession, she had done a Tante Marie cooking course. Small children and a recovery in her husband's business allowed her to try her skills only on family and friends.

They must have been impressed because they were quick to voice encouragement for the Grahams' new project. One snag arose when she sought planning permission for change of use: she was opposed by local authorities worried about parking, but managed eventually to allay their fears.

Making alterations to satisfy the fire regulations was the most expensive element of the

conversion. By the time it was finished, including working capital, Colquhoun's had cost £14,000 to set up. It was financed by a loan from her brother (now repaid), personal savings and a bank overdraft. Publicity was a family affair, too. Daughter Hannah and her friends distributed 4,000 leaflets around Alton and the surrounding villages.

The big bay window of Colquhoun's - Amanda's maiden name - provides plenty of natural light and the room has been decorated in white and blue. The only evidence of its former use is two sets of family photographs on either side of the chimney breast above the fireplace.

From the start, Amanda realised that, because she was the

only chef, the opening hours must be tailored to her physical capabilities and culinary strengths. So, despite having a rota of four waitresses and an unpaid, supportive husband to help with the washing-up, the restaurant opens only four nights a week: Tuesday, Wednesday, Friday and Saturday. Her working day lasts from 9.30 am to 1.30 am and she changes her set menu every Friday for the following week.

These menus are readings from culinary heroines: Elizabeth David, Jane Grigson, Claudia Roden and Joceline Dimbleby. But they are cooked with such care and thought that her mentors certainly would approve.

There is a choice at the first course: terrine of pigeons, salmon paté with fennel or a cream of potato and onion soup, for example, followed by a set main course. This usually is a casserole: chicken Provençal, beef braised in red wine with black olives, or a Rhône ferryman's stew. Then salad, English cheeses and a choice of three home-made desserts which has included a bread and butter pudding described by one elderly diner as the best since prep school.

For this, she charges £16.50 a person, which includes a complimentary aperitif: Dunkerton's perry or Rock's elderflower wine. The restaurant is unlicensed and makes no corkage charge but her greatest ally in Alton has been Oddbins, the liquor merchant, which displays her new menu every Friday and suggests wines to complement her main courses. There is another



The exterior of the Graham Hampshire house

bonus for customers: with a fixed-price menu and their own wines, they know almost precisely what an evening at Colquhoun's is going to cost.

The quality of the cooking and the novelty of the restaurant brought full houses until Christmas. Since then, there has been a slowdown, particularly mid-week, but Amanda hopes for better business after Easter.

There have been unforeseen problems, of course. The restaurant's size means it is too small to buy from wholesalers: thus, it must get its raw mate-

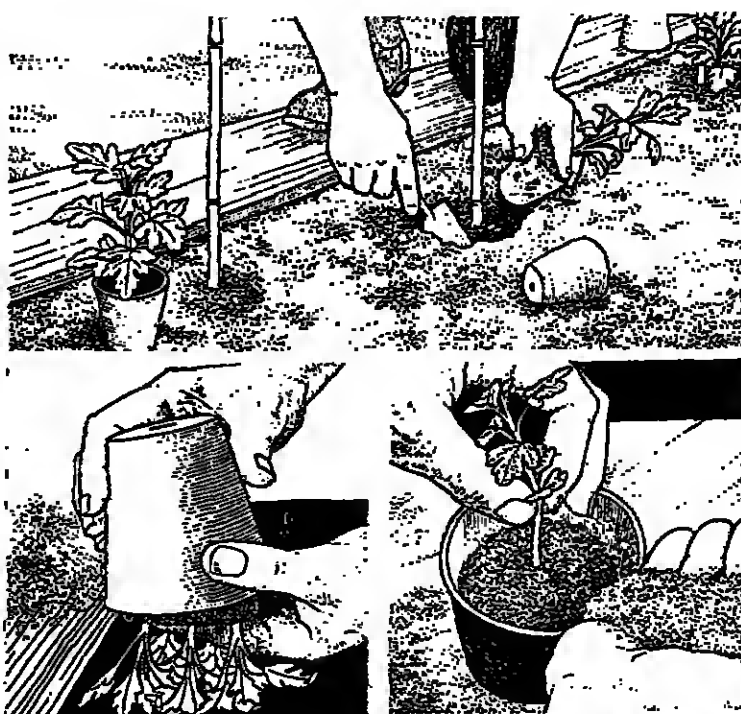
rials from the supermarket, the local butcher, the cash and carry or the farm shop nearby. And although she will cook happily for vegetarians, fish as a main course is difficult because there is no local fish-monger.

Inconsistency of demand is the main drawback to Colquhoun's showing a profit so far. But there does look to be the makings of a flourishing business and, for Amanda Graham, a satisfying new career. ■ Colquhoun's, 58 Anstey Road, Alton, Hampshire GU34 2RF. Tel: 0420-544774.



The dining room created in the family home

GARDENING



Illustrations from Arthur Hellyer's classic *Gardening Encyclopedia*, first published in 1948, and now fully updated (Hamlyn, £14.99, 784 pages). Hellyer, the FT's gardening correspondent since the 1950s, died at the end of last year. He was recognised as one of Britain's foremost horticulturalists.

'Plan in May and go away' is good advice

EARLY IN May, you do not want to be living on my sort of soil. It cannot grow azaleas, camellias hate it, and a rhododendron will not survive for more than a month. Elsewhere in Britain, plantations, woods and glens are near their best for this convenient holiday weekend.

Sometimes, the best is too lurid: I have never reconciled myself to the bright rhododendrons which have intruded on the great 18th century garden at Stourhead. Elsewhere, the mauves and sugar pinks have been kept under control and the light, damp and shading make an Oriental flora look at home in Scotland. On lime, the rest of us have two options: to go visiting or to find an alternative which will put up with the conditions.

This weekend, visiting is extremely tempting. The great gardens on acid soil are slightly ahead of themselves and near their best already: they include the Isabella plantation in London's Richmond Park, the Savill gardens in Windsor, Exbury or Leonardlee in the south, or Bodnant in North Wales. If you cannot grow it, view it: you do not have to live with all the dreary foliage out of season. In gardens, too, "plan in May and go away."

Back home, gardeners on a lime soil need a mid-May alternative. In recent years, I have been looking for shrubs which

Viburnums are the lime-loving alternative to rhododendrons, says Robin Lane Fox, who has his favourites

can be clipped and trained into small pseudo-trees, or hedges on standard stems.

It strikes me that the state of the art is to invent a touch of style which puts familiar plants in an original light. Shrubs on stems like standards give class, quality and scope for adventure. They need not be expensive, and I rather suspect that we have still scarcely scratched the surface of the possibilities. Mercifully, the best of them flower in the mid-May gap and will tolerate lime, compensating for absent azaleas.

In the retarded Cotswolds, we have yet to see the best of this year's lilacs but, when they come, mine will be small trees, maintained at eye level by light pruning. Lilacs work wonderfully as specimen standards, spaced down a long border or used as upright sentinels instead of yet another columnar cherry.

Admittedly, they are greedy shrubs which compete for good soil in a border; but when lucky gardeners are enjoying their white haze of rhododendron Loderi, these trained lilacs are no small compensation. My favourite is the purple and white-striped lilac Sensation, which grows into a tree about 6 ft high, but any of the heavy double purples and single sky-blues are almost as good if you avoid varieties of maximum spread and vigour.

Take an ordinary hush of lilac; thin it down to one single stem; prevent it from making top growth until the stem is about 4 ft high - and then allow it to develop a cluster of shoots in a head which will be a substitute for any good camellia on alkaline soil.

Honeysuckles respond admirably to the same styling if you tie one main stem on to a 4 ft cane and allow only the top growth to develop through a circular metal plant support fixed at the cane's summit. Early and late Dutch honeysuckles are excellent candidates for this job, but my favourite for mid-May is the heavily-scented Graham Thomas form, the pale, creamy blooms of which are just bursting into their stickily-sweet flower. Limit it to one stem; then, let it spread into a head which you trim without mercy next month after flowering.

At a Gloucestershire nursery, I have been watching bushes of the white-flowered Cholsya, trained similarly into the shape of little evergreen trees. They seem to work remarkably well and will hold their scented white blooms at the level of your face, leaving you to decide if you really like the smell. Here, too, if you can be patient for two or three years, you need buy only an ordinary shrub. Train it on a single stem up a cane and prevent any side shoots until it

has developed the shape of a standard rose tree.

In warm towns, wisterias are bursting with flower already and will work marvellously in the same tree format. But, lovely though they are, I think the best of all candidates are this month's viburnums.

In May, viburnums are the lime-lovers' definitive answer to woods of enviable rhododendrons. As bushes, the most refined forms are the named varieties of viburnum Carlesii: Dawn Aurora, which have exceptional elegance of bud, leaf and pinkish white flowers, the star performers in

the family. As standards or small trees, they are slow-growing and perhaps too refined.

At the other extreme, evergreen forms like the oblique Barkwoodii and Park Farm Hybrid are too vigorous for tree training. The forms with horizontal branches are completely unsuitable, lovely though they are in May. Juddii is a much better bet, more robust than Carlesii and responsive to light clipping. Personally, I have majored on viburnum Carlesii and, in its fourth year, I am delighted with it.

Among the hybrids, it has exceptional vigour. It has the biggest heads of flower plus the usual gust of scent, and its leaf is sufficiently grey not to look too coarse. Nonetheless, a refined taste suspects it of being vulgar. It is a typical breeders' variety, bigger and bolder than the delicate parents.

Still, I am sufficiently vulgar to like it as my garden's main backbone, growing into the shape of standards. Do not judge it when the heads of flower are still in bud and have a drab buff tone to them. When they open, the effect is all

white, luminous across a lawn when dusk descends on a bank holiday.

I have clipped eight hedges of this variety into tall, upright shapes by trimming them after flowering. Like almost all forms of viburnum, it will reach you with one little trap. Nursery growers have grafted it on to much coarser stock. You need to watch carefully for stems with the wrong leaves and a russet-brown colouring, and to cut them off immediately below ground level. Otherwise, Carlesii gets on with the job. As a surrogate tree, I recommend it

from happy experience.

By a pleasant coincidence, every one of these shrubs for tree training reaches its best in mid to late May and tolerates lime in the soil. With ingenuity gardeners can, therefore, make up for the impossibility of azaleas.

In nurseries, shrubs in standard shapes tend to sell for £20 or more, as if they are virtuoso features. Actually, they are dead easy. And although you will still want to visit our public glades of May-flowering shrubs from the east, you will find on returning home that these contrived little trees show old friends in a new light in any garden, however small.

Fishing / Tom Fort

Bridges over peaceful water

THE FISHERMAN who is kept from fishing needs an occasional glimpse of water if he is not to slide into the slough. The odd sighting of sunlight on a gleaming surface, preferably accompanied by a weeping willow or two, provides balm to the soul oppressed by the daily grind. This is why we angers treasure bridges.

A thousand times, passing back and forth along the M4 near Reading, I have felt a

spurt of irritation and frustration. It comes at the same spot, where the motorway crosses the River Loddon, the Berkshire stream on which a few miles lower down I learned my fishing as a lad.

The bridge is an ugly thing, but one would expect that. Its unforgivable offence, though, is that the grimy slabs forbid any view of the water beneath. I know the river is there, but I am denied its healing influence. That bridge is an ill-natured thing.

Towards London, the motorway soars over the Thames. From the aesthetic point of view, this bridge is equally wretched - a flat, hideous intruder. But it has one immense saving grace. It is edged by railings which allow a brief but sustained sight of the broad waters of our greatest river. Heading to or away from the horrible metropolis, I am cheered by it.

There is another Thames bridge which I love, although it is a good many years since I stood on it, rod in hand. It is a long, elegant affair in mellow red brick, which rises and falls over the river at Sonning (actually, only half the river, but I need not go into that).

Just upstream of it, on the right bank, stands (or stood) a massive chestnut tree, with branches trailing to the water. A great bed of underwater cabbages extended from the foot of the bridge to those branches. In days gone by, this was the haunt of pike.

We used to stand on the narrow pavement, leaning out over the water, and swing a livebait towards the chestnut. When the pike were on the feed, it was unusual for the float to travel more than a few feet before shooting under. Often we would see the pike rush from the weeds and grab the bait. Then it was a matter of dragging the beast across to the other side, where it could be landed from the towpath.

They fought like fury, but rarely weighed more than 5 lb although once I hooked a big one which broke me somewhere in the shadows. This fish, though, was nothing compared with the monster one of my brothers hooked off another bridge at Sonning: a legendary creature, this, which devoured ducks, snapped at swans, and broke his line as if it had been thread.

My favourite bridge view of all is on to my favourite trout river of all, the Cumberland Eden. For 300 years or so, the road to the village of Langwathby crossed the river by a beautiful, humped red sandstone bridge. This, most sadly, was washed away by a mighty flood about 25 years ago, and replaced by dismal steel and concrete. But it remains a marvellous vantage point from which to survey the tremendous breadth of water, scanning it for swooping swifts and rings of rising trout. Fishing beneath bridges

tends to be an awkward business. It is tricky to propel the fly to the right spot, and more so to see what is going on in the gloom. I remember expending much time and effort on a big fish which was feeding noisily in the darkness under a very low brick bridge on a Kenet sidestream. Eventually I shot the fly into the tunnel, struck when I heard a gulp, and pulled out a hideous hook-jawed horror of 3½ lb which gave hardly a kick in protest.

In contrast, there was a bridge on a surging mountain stream in Slovakia whose functional nastiness was

footbridge at Wargrave, below which the barbel lurked.

A bridge is a test. No true fisherman can pass one without lingering for that cheering glimpse. I have in my mind the denouement of a detective story. The detective hero, a piscatorial Morse, is with the chief suspect. The villain's hitherto unbreakable alibi depends in some way - the details are still sketchy -

on him passing himself off as an angler. With our hero beside him, the villain drives over a supremely seductive bridge, with a glittering trout stream below. But he looks neither left nor right. Our man, having spotted a two-pounder rising by the willow on the left, grabs the murderer with the cry: "Impostor!"

Well, I think it has possibilities.

Trade up to an Atco

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BOOKS

New set of clothes for the naked ape

A C Grayling is intrigued by the latest thoughts on the true ancestry of the human race

A PART from those who take the Book of Genesis literally, most people know that humans descended from apes, and that our closest relatives among animals are chimpanzees and gorillas. Until now the fascinating details of enquiry into human evolution have been the province of specialists. But in the last two decades debate has reached a crucial point: two main theories have emerged about our origins, and the reason for the current spate of books is that the arguments are now submitting themselves to the public.

The branch of science which investigates mankind's origins is palaeoanthropology. It is based mainly on the study of fossilised skeletal remains of early humans and their hominid ancestors, discovered by chance in caves or ancient lake-beds. It is like trying to reconstruct a thousand-piece jigsaw puzzle from a mere handful of remaining shapes. It is an utterly fascinating branch of science. As each of these new books shows, it is more like a gripping detective story than a scientific pursuit.

William Howells, until recently Professor at Harvard University, is the doyen of contemporary palaeoanthropologists. His beautifully written survey of the history of human origins is a worthy successor to *Mankind in the Making*, the book that made him famous 30 years ago.

Lucidly succinct and magisterial, Howells' account takes us from the beginnings of life on earth to the emergence of humans, setting the scene for the more detailed discussion given by Christopher Stringer and Eric Gamble in their superb study of the origins of modern man. They give a brilliant introduction to the field: richly informative, marvelously illustrated and always accessible to the layman. They not only investigate the competing theories about our origins but explain how evidence for them is gathered and assessed. This is excellent enjoyment and instruction in one, anyone interested in the subject must own this book.

Eric Trinkaus and Pat Shipman, despite succumbing to the disagreeable current fashion for chatty, personalised writing which publishers believe makes "serious" subjects palatable to general readers, have produced a valuable history of palaeoanthropology which dramatizes the clash of opinions now dividing it.

Like Stringer and Gamble, their interests lie chiefly with the more recent end of the human evolutionary story, beginning 100,000 years ago with the emergence in Europe and Western Asia of heavily-browed, massively-built Neanderthal Man, named after the valley near Düsseldorf where, in 1866, the first recognised skull was found. They recount the controversy that immediately arose about whether Neanderthals are our ancestors or a mere evolutionary side-branch. This question is at the heart of the current controversy.

Most theorists agree that ape and man diverged about 5m years ago. The earliest known hominids, the Australopithecines, date from 3.7m to 1.6m years ago, represented in popular imagination by the diminutive hominid ape called "Lucy". The commonest and most enduring early man is Homo Erectus, found across Africa, Europe, and Asia from 1.6m to 300,000 years ago. About 125,000 years ago our direct ancestors, archaic Homo Sapiens, appear at African sites; then, mysteriously a little later, Neanderthal Man appears, only

GETTING THERE
by William Howells
Compass Press £26/£14.50, 361 p
ages

IN SEARCH OF THE NEANDERTHALS
by Christopher Stringer and Clive Gamble
Thames & Hudson £18.95, 247 pages

THE NEANDERTALS
by Eric Trinkaus and Pat Shipman
Jonathan Cape £20, 454 pages

to vanish about 35,000 years ago. Was Neanderthal Man part of our own direct lineage, or is he an aberration? All the authors under review attempt to answer this question.

The first recognised Neanderthal remains were judged to belong to an idiot with rickets. When accumulating evidence proved that Neanderthals were a new kind of man, opinion divided: some took the ancestral view, others the aberrational view. Only one thing was clear: Neanderthals are distinctive, differing from early modern humans in their powerful frames and heavy skulls. They seem to have died out with the last ice age, rapidly succeeded by a quite different type: taller, slimmer, smooth-browed Cro-Magnon Man.

And here one immediately sees the source of controversy. Ideas of race sprang to the fore. Some earlier anthropologists refused to countenance the possibility of human descent from Neanderthals, perceiving them as violent, shambling brutes. Others interpreted early modern man in Aryan terms as Neanderthals' conquerors. Either way, the savage appearance of Neanderthal Man, named after the valley near Düsseldorf where, in 1866, the first recognised skull was found. They recount the controversy that immediately arose about whether Neanderthals are our ancestors or a mere evolutionary side-branch. This question is at the heart of the current controversy.

thals made them repugnant, even frightening. Studies at certain sites suggested that Neanderthals might be cannibals. The brutish stereotype stuck, and concepts of "low" and "high" human forms gave impetus to racism and eugenic theories.

But evidence shows that Neanderthals buried their dead, perhaps on flowers as the Shanidar fossils seem to testify, or with grave-gifts of meat, perhaps for a journey into an afterlife. Some fossil individuals appear to have lived into old age as cripples or invalids, impossible unless others cared for them. This makes the brutish caricature implausible and has encouraged some to think that Neanderthals genuinely belong to humanity's lineage.

The needle-in-the-haystack nature of the enquiry has elicited both brilliance and bizzarerie from researchers. Exquisite science has been offset by folly or pettiness, the latter illustrated by those who, out of jealousy, refused to let colleagues view their fossil finds. And there has even been fraud, at its worst with Pittdown Man, the supposed apeman "discovered" in Sussex in 1912.

The main conflict of theory is between the view that after the initial spread of Homo Erectus from Africa about 1m years ago, different types of humans evolved in the local areas where groups of Erectus settled. This is known as the Regional Continuity hypothesis or, in Howells' apt phrase, the "candelabrum" theory, because this evolutionary tree showing development from Erectus to different modern human types looks like a many-branched candelabrum.

The opposing theory is that true modern man developed from the Erectus stock left in Africa. About 130,000 years ago, this theory has it, true Modern Man began to spread out of Africa in a second exodus, everywhere replacing the earlier descendants of Erectus in Europe and Asia. This is called the Population Replacement hypothesis. It explains why Neanderthals and Modern Man co-existed for a while, before the former vanished, seemingly displaced by the latter, with the latter thereafter developing into all the types of humans now found in the world.

Which hypothesis is right? The jury is out. These books help us to become informed observers of its deliberations. Whichever way future evidence pushes the decision, the debate will have given us an affection for our ancestors and their relatives alike - no matter which branch of the family tree they sit upon.



Back to the books

LITERARY biographers seem to be increasingly tempted to focus on the detail of their subject's life rather than the substance and achievement of his books. Some of them compound the offence (no doubt profitably) by highlighting who-did-what-to-whom. Here, thank goodness, is a splendid exception - a biography whose aim is "to study the life in order to understand the novels..." In other words, Nicola Beauman puts the books first. To confirm her priority, she allows only 40 pages for the last 45 years of the life. She also - correctly - assumes that her readers will already know the novels.

A new biography of E M Forster must have needed courage. P N Furbank's two-volume "authorised" version is extremely good and only 15 years old. But it is fair to say that Furbank concentrated on the "life" on a re-reading, he turns out to be curiously sketchy on the creation and analysis of the novels, though he is fascinating about Forster's long, uneventful, rich, suburban, decent and homosexual life.

Nevertheless, it is still easy to lose sight of the central mystery - tragedy? - of Forster's career, which is that he wrote six great novels and at 45 he was finished. There followed, of course, many years as the "sage", the voice of British liberal humanism, latterly resident at King's. Beauman arguably under-covers this role - but the novels are what matter, and indeed the films, which have brought them to a wider audience and must certainly not be sneered at.

Forster was trapped, for most of his life, in an intense relationship with his widowed mother, Beauman writes of the "ghueing" of mother and son. In his childhood, they lived in the Hertfordshire house which was to be the model for *Howards End*, and where, towards the end, and after a long and painful illness, he died. Thereafter they lived in Tunbridge Wells and Weybridge, where he wrote all his novels. His homosexuality was

repressed until, at 37, he was posted to Alexandria in the Great War; thereafter he was actively promiscuous, taking working class lovers in the Bloomsbury style, before settling for one of the three great loves of his life, Bob Buckingham, a married policeman through whom he found a family of his own. It is impossible to deny that when Forster "came out" (privately, of course), the novels came to an end; he only finished *A Passage to India* with difficulty in 1924, and seems never to have expected to write another.

All this is known, but the story is explained and developed by Beauman with constantly interesting reference to the novels. She has had access to some sources unavailable to Furbank (though the diaries at

Room with a View, is trapped and escapes to Italy as did Forster; she is not so much Forster *en transit*, as she symbolically loses her Baedeker, but "what matters is that her situation is his. He had become coerced, imprisoned in a way of life which is usually the lot of women..." Mr Emerson, in the same book, who so memorably speaks for Forster's life-long rejection of "muddle", is related to Edward Carpenter, the socialist and free-thinker who had an important influence on Forster at a critical moment even before they actually met.

And throughout all this, Beauman clings to the main point, which may help explain his lop-sided career - that by great good fortune he discovered his "theme" very early: "the English middle classes exposed to something other (a foreign country, an expedition away from their normal territory, who are mocked for their insularity and obtuseness, and who then discover something so disconcerting that they are forced to realise, even if subconsciously, that they have confronted something vaster than themselves; in the end they are either saved - or not."

No wonder he is one of the great English novelists! Sometimes, as I say, the enthusiast in Beauman goes overboard. To my mind, she is too keen on *Howards End*, to the point where she describes the odious Mr Wilcox as the heir of Margaret Thatcher, and she underestimates Forster's congenial inability to understand marriage - his famous reference to "the astonishing glass shade... that interposes between married couples and the world" surely comes close to disqualifying him from writing about one of the most fruitful areas of the novelist's art. But this is a biography which is a pleasure to read, and which will fascinate and delight and sometimes provoke all those who continue to esteem Forster - his books, and now the films.

J D F Jones

MORGAN: A BIOGRAPHY OF E M FORSTER
by Nicola Beauman
Hodder & Stoughton £20, 404 pages

King's are embargoed after 1949); for example, she gives fuller details of the background to *Maurice* (the homosexual novel which was suppressed by Forster in his lifetime) and she goes into more detail about the changes Forster made between early and later drafts of *A Passage to India*. In the first version of the scene in the Marabar Caves, incredibly, there is an actual assault; in the final version, Forster has arrived at a void which only Mrs Moore can comprehend.

Beauman also allows herself to insert her own speculation and opinions - it is a very personal book. (Sometimes she goes too far - did Mrs Forster really take her son to Italy to avoid the Oscar Wilde trial? Is *Where Angels Fear to Tread* sensibly described as "the first modern novel"?)

But again and again she makes points which are helpful, even revelatory. She is very good on the initial nine-month visit to Italy and its impact on the young man's "suburban soul". Lucy, of A

An inner journey into angst

Stephen Amidon reviews a saga of American hopes and dreams

THE GENERATION of young Americans who settled down to start families just after the second world war could hardly have dreamed of the problems lying ahead. After years of Depression and global carnage, they believed that all they had to do to put the eruptions of the previous two decades behind them was work hard and live right. And they did just that, creating an era of unrivalled prosperity. But it was an affluence which brought psychological pressures to bear on the American family to start families just after the second world war could hardly have dreamed of the problems lying ahead. After years of Depression and global carnage, they believed that all they had to do to put the eruptions of the previous two decades behind them was work hard and live right. And they did just that, creating an era of unrivalled prosperity. 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SPORT

Cricket

Sorry lot of the A Team



Finger of fate: Martyn Moxon, the ill-fated skipper of England's A Team

THE ENGLAND "A" Team losing all ends up to Essex on a damp day at Chelmsford is not everyone's idea of fun. But it was interesting, and once it had emerged from the drizzle it proved to be well worth while. Partly, I'm afraid, this was because it reminded me how empty and dead English county cricket is, and partly because it reminded me how much at ease Essex always appear when playing at Chelmsford, however empty its tiers of seats and, lest we forget, how much at ease Graham Gooch looks in the teeth of battle.

Admittedly, with a first innings lead of only 74 to defend, the A Team bowling amounted to little more than a skirmish, but Gooch batted strongly, especially to good balls. He is never graceful, sometimes tucked up, but almost always hard-hitting. If he captained England this summer he is likely to be level-headed against the Australians who are under the knowing hand of that other Essex stalwart, Allan Border.

I hope the England selectors create an attack with some character against Australia by choosing a couple of good spinners, preferably one leg, one off, this summer. For the most effective bowler at Chelmsford was the Essex off-spin-

ner Peter Snch, playing for his county; he took 11 for 124, making England's batting hopefuls look pretty silly in the process.

Such toured Australia with the A Team last winter and, as in Chelmsford, so in Canberra "Screaming Lord Snch", as the locals call him, bowled well. Against the Australian Cricket Academy his match figures were 11 for 144. Such, like the alpy rather than fast Andy Caddick, had some good games on tour and came back confident.

I went to see A Team captain Martyn Moxon at Chelmsford, when he was still contemplating the misery of his team's batting. "He said he thought there had been some 'writing down' of the A Tour in Australian reports, to devalue it and stop improving players like Such and Caddick getting full benefit from it."

One thing the A Team did learn on a tour their hosts never really took seriously was resilience in the face of failures and defeats, uncomfortable distances and disorders, empty grounds, some second-rate opposition and only second-class status for games.

Moxon struck me as refreshingly uncomplaining, with traces of old-fashioned enthusiasm yet reluctant to speak unless he had something to say. He is one of a series of

nice capitalists chosen for the England A Teams: Mark Nicholas took the first to Kenya and Zimbabwe in early 1990; Hugh Morris took the next to Pakistan and Sri Lanka and stood in for the injured Moxon in Bermuda and the West Indies in the winter of 1991-92.

I asked Moxon whether the A Team players really saw themselves as future England players or

*Teresa McLean
meets the stoical
skipper of the
England seconds*

whether there was a danger of them becoming has-beens, not-quites and also-rans, strengthened by the presence of Test players such as Jack Russell and himself, but falling short of Ted Dexter's claim at the start of the A Tour to Pakistan and Sri Lanka that "it's about producing future Test cricketers for England."

Misfortune has taught Moxon to look on the bright side. There is no other way to survive as captain of Yorkshire. He gave me a reassuring smile. "It's every English cricketer's dream to play for England. But if it doesn't happen, it doesn't."

I decided perhaps I did not need one of Moxon's patent Tizer mixtures to keep me going after all. Somebody near us in the pavilion bar had just ordered one and Moxon described them, rather alarmingly, as something to really get his benefit year going. He deserves to do well. The winter was a hard one, dogged by the bad luck which seems to blight him whenever his dream comes true and he finds himself picked for his country, whatever the level.

He was picked for the 1984 Lord's Test against the West Indies but had to withdraw because of injury and wait until 1988 to make his Test debut. He has played in 10 Test matches, never with his place safe or settled. His highest Test score is 88.

Nor have the A tours brought him much better luck. The 1991-92 tour to the Caribbean was demanding and England lost, but Moxon broke his right index finger in a casual game before he had a chance to take part in the fight. He hurt that same finger again in Australia this winter, though it recovered in time for him to score, later also, 123 not out in Canberra. It may even be that he was better off with only a limited share in a tour which, like the unfortunate one to Pakistan and Sri Lanka, victim of political unrest in Pakistan, failed

to get the top rating it sought. Two A tours have worked and two have not. The A Team idea was built under the sympathetic guidance of Keith Fletcher and has encouraged a host of Test cricketers, such as Mike Atherton, who averaged 83 on the first, gentle trip to Kenya and Zimbabwe.

It is the two most ambitious ones, to Pakistan and Australia, that have stayed trapped as second-rate efforts. Perhaps next winter's tour of South Africa will do better, combining tough cricket with good relations.

There have always been reserves and youth teams; Moxon himself has played for England, England B and England A to his international career. I am inclined to be sceptical about the notion of an A Team breeding-house for future Test players and cannot help noticing how well the best countries manage without one, but it is worth a try.

This last tour was difficult and even the many injured players - Moxon, Graham Lloyd, James Boiling, Mark Holt, Dominic Cork, Caddick - learnt a lot.

Graham Thorpe has now been on all four A tours; he is a stylish left-handed batsman and a fine fielder. Surely it will soon be time for the selectors to give A Team veterans such as him a chance to play a Test.

Rugby/John Hopkins

Two codes, one language

SO YOU know your rugby union and your rugby league? You know all about the schism of 1895. You can distinguish between the six-tackle rule and the turnover law, a play-the-ball and a penalty. You would not mistake Martin Offiah for Andrew Harrison or Shaun Edwards for Dewi Morris. Most of all, you realise that this afternoon both codes will be on display in London.

At Twickenham, headquarters of rugby union, Harlequins play Leicester in the Pilkington Cup final and hope to do better than they did last year when they lost in the last minute of extra time to Bath. A few miles north, Wembley will resound to cheers of support for Wigan and Widnes as they compete for rugby league's Silk Cut Challenge Cup final.

Union and league, amateur and professional, 15-a-side and 13-a-side: the shape of the ball is the same but in other aspects rugby union and rugby league are, to paraphrase Winston Churchill's remark about Britain and the US, two codes divided by the same game.

Rugby union is amateur, a game played by men who have

other jobs. Rugby league is professional, a game for which men are paid to play. That is correct, is it not? Up to a point, but consider the following apparent contradictions.

Bath, Llanelli, Leicester and Northampton and Gloucester rugby union clubs probably turn over more money in a season than most league clubs.

Rugby league has one current star who can describe himself as a millionaire: Ellery Hanley. Rugby union has two. David Campese has claimed he became rugby union's first millionaire three years ago. It is said he has been joined by Will Carling, captain of England.

It is fashionable for rugby union officials (known, for a reason that has never been quite clear to me, as alickados) to belittle rugby league. This attitude is misplaced because, if anything, union has

copied far more from league these past years than vice versa.

In union these days it is commonplace to hear talk of a big bit, meaning a fierce tackle such as that by Mickey Skinner on Marc Cerdan in the semi-final of the World Cup. These big hits have come from rugby league and are a direct result of the extra emphasis now being placed on upper-body strength.

Australian rugby league players started the trend more than 10 years ago when they began to work with weights to develop their upper-body strength. Previously they had concentrated on building up the torso and legs.

When the Kangaroos (the Australian rugby league team) reaped the benefits, the Wallabies (the Australian rugby union team) sat up and

noticed what their countrymen were achieving and added serious weight training to their schedules. Since the 1987 World Cup, weights have become as much a part of union jargon as drop outs, the 22 and the line-outs.

The scrum has never played a significant part in league. These days, it is being downgraded in rugby union, too, as are rucking and mauling. These days scrum-halves in rugby union put the ball in to the second row of their scrums as a matter of course - as they have done for years in league. A strike against the head is a rarity these days, like a try by a prop forward. I have seen more than 40 games this season and from all the hundreds of scrums in those games only once have I seen a scrum-half penalised for a crooked put in. That is not all: at the World

Cup sevens in Edinburgh there were often more players offside than inside; men standing almost on top of their opposite numbers. This is beginning to happen in 15-a-side, too, and is another trend that has spread from rugby league. So has the elaborate sign language referees now use to explain why they blew their whistle - not to mention the trend of miking referees for television.

If you think the lines between the two codes are clearly drawn then try answering these questions: which clubs routinely draw 6,000-8,000 spectators to a home game? Wigan do and so do Leeds, both of which are league clubs. But, significantly, so do Llanelli, who have been so startlingly good in Wales this season. There were 10,000 at Stradey Park on Wednesday

night to watch Llanelli clinch the league title. Bath would attract more spectators if their ground was bigger. As it is, the capacity of 8,000 is reached at almost every home game.

Which code offers its star players cars, houses, jobs, petrol money? Again, the obvious guess is league, but increasingly the answer is union. There has been a sea-change in the attitude to money and the

like in rugby union, and a new job, a sponsored car, help with a mortgage and money are commonplace in the supposedly amateur code.

I think the two codes are closer together than ever. If I could not go to Twickenham then I would climb on the Tube and head for Wembley.

Twickenham offers a confrontation between two outstanding flankers, Neil Back of Leicester and Peter Winterbottom. At Wembley there is the chance to see Jonathan Davies, arguably the most complete footballer of his time, dazzling Wigan's all-star team and perhaps sparking an upset victory for Widnes.

Frankly, I wish I could watch both matches live.



Link man: Jonathan Davies has dazzled in union and league. Today he plays for Widnes at Wembley



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THE ITINERARY

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- DAY 2** St Malo. Explore the port of St Malo and join the excursion to Mont St Michel. Visit one of the most famous of French monasteries, the Benedictine abbey of Mont St Michel, and see the surrounding buildings on this most famous of islands.
- DAY 3** At sea.
- DAY 4** La Coruna. Drive to Santiago de Compostela and the famous shrine of St James which has been a centre of pilgrimage for over 1200 years. Visit the cathedral and explore the ancient streets that surround this great building.
- DAY 5** Oporto. This great mercantile port on the banks of the Douro is a delight. Visit one of the important wine lodges, the Cellar and the Maritime Museum, once the home of the exiled King Charles Albert of Sardinia.
- DAY 6** Lisbon. Drive out to the grand Palace of Queluz. Later explore the city including the famous St Jeronimus Monastery at Belem.
- DAY 7** Lagos. Today we will visit the western region of Portugal's Algarve coastline and the old walled city of Lagos, the nearby Sagres Peninsula and Cape St Vincent, famous for its association with Prince Henry the Navigator.
- DAY 8** Motril. Drive across the hills and plains to the great city of Granada. Here was the last bastion of Moorish Spain and we shall see the Alhambra, surely one of the most impressive buildings in Europe. Later walk in the Generalife gardens.
- DAY 9** At sea.
- DAY 10** Barcelona. Explore the Barri Gothic including the cathedral and the Museu de Arte de Catalunya.



MS ILLIRIA

DAY 11 At sea.

DAY 12 Nice. Breakfast in the morning and drive to Avignon for a 2 night stay. Late afternoon visit to the imposing Papal Palace.

DAY 13 Wigan. Spend the day in this charming city on the banks of the Mersey. See the magnificent collection of art at the Port Palace and stroll through the old quarter perhaps taking lunch at one of the excellent street-side cafes.

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Soccer/Peter Berlin
Ode to joy

AFTER eight topsy-turvy months the struggle to be the first holder of the hideous new Premier League trophy has been reduced to a simple equation. Manchester United need to win one of their two remaining games to clinch their first league title since 1967. Even if they cannot manage that they will be champions if Aston Villa fail to win their last two games.

So far United have shown little sign of the collywobles which undermined a commanding lead in the league last year, but they face two opponents who will expose any weakness of nerve.

The first, at Old Trafford on Monday, are Blackburn Rovers, the Premier League's form team whose last game was a 3-0 win over Aston Villa. The second are Wimbledon next Sunday. Wimbledon, according to accepted wisdom, are the last team anyone would want to face needing a win to clinch the title.

Wimbledon are reviled among the soccer "purists" who refuse to accept that part of the game's beauty is that it lends itself to so many styles of play. Wimbledon are not pretty but they deserve respect. For the purists this season

has been a joy. The title has been a three-cornered fight between teams that play the game "properly". But there is also a huge difference between the styles of Villa and United. And what has separated those two from their main challenger, Norwich City, is not their attacking play but a characteristic they share with Wimbledon: steely pragmatism.

Of the two contenders, Villa have been more enjoyable to watch. Roo Atkinson, their manager, has bought a string of canny veterans, comfortable with the ball at their feet, happy to work unrelentingly for the team. Their midfield is short on flair but long on intelligence.

Villa can win matches with the breakaway pace of Dean Saunders and Dalian Atkinson, but they can be patient, too, penning opponents in defence, moving the ball fluently from wing to wing, picking away for holes. The movement off the ball is continuous; players find space and in turn receive

uncomplicated ground passes, nearly every one delivered simply, securely, with the instep. Dwight Yorke won BBC TV's last goal-of-the-month award with a simple tap-in after a passing move involving nearly every Villa outfield player.

At most Villa games this season the neutral fan has been able to settle back in his seat and enjoy a flowing display of deceptively simple elegance. United you watch from the edge of your seat. This is not because they live dangerously. Their defence is even tougher than Villa's and has given them an advantage in goal difference which may prove decisive.

United's attack is addicted to risk. Paul Ince, Ryan Giggs, Mark Hughes and, most of all, Eric Cantona, disdain the simple technique of the coaching manual. Every United attack is conjured from flicks, chips and back heels. Even with players as gifted as these, such tricks fail more often than they succeed. As a result, United can go for long

periods without mounting a coherent attack. But that is not the point.

United's most terrifying weapon is the pace of Giggs, Lee Sharpe and, when he plays, Andrei Kanchelskis. Not for them the careful rhythm of Villa; they try to engineer breaks from midfield, or at least to prevent opposing defences settling into a comfortable formation.

United's march in recent weeks has been characterised by sudden goals from rapid raids, starting with the three that destroyed Norwich's offside trap and title hopes, and most recently those from Hughes and Ince that plucked Crystal Palace 10 days ago.

Last year, Alex Ferguson, United's manager, picked increasingly defensive teams in the final weeks; he blames injuries to strikers but that does not explain why Kanchelskis started just four of the final eight games. This year Ferguson has not blinked and he has kept picking four attackers.

The policy has been a success psychologically as much as tactically. "We went out dreading every game towards the end of last year," says Hughes. "Now it is a joy to play."

TRAVEL

A visit to the wild west of the far east

The way we were: Nicholas Woodsworth returns to Cambodia full of curiosity about his brother's life in Phnom Penh

I HAD NOT seen my brother, Gregory, for some years when, for the first time since we lived there as children, I returned to Indochina.

Like many people who grew up abroad, we have continued to lead the same life we began with. After tentative stabs at permanence, we both fell into a gipsy kind of existence, I into journalism, he into international aid. Over the years, we rarely found ourselves on the same continent. But, when our paths crossed, Gregory always had enthusiastic news of promotions, postings, moves up the career ladder.

It came as a surprise, then, to learn some time ago that Greg had fallen in love, left his job at the UN in New York and, with no clear prospects in mind, moved to Cambodia. I was curious to see what kind of life he had found for himself in Phnom Penh. I might have been less so if he had taken up, say, with someone from Milton Keynes and become an accountant. But here he was, settled down with a French-Cambodian woman and helping her

company of a small dog, a baby monkey named Lucy, a floating population of servants, their dependents and hangers-on - and Paulette.

Paulette is dark, petite and pretty. She has a quick, white smile and a voice that changes mysteriously, and as rapidly as needed, from the liquid vowels of French to the short, chopped consonants of Khmer. She has the inner poise of the Asian and the European's spontaneous energy. After 20 years of life in the west, she has decided to give the Cambodian part of herself another chance. Gregory is not the first young man to be lured by the attractions of Cambodia. In the mid-1930s, a French military surgeon, having finished a tour of duty in Saigon, decided that he liked colonial life in the east and settled in Phnom Penh.

He taught at the city's faculty of medicine, opened a branch of the Pasteur Institute and built a leprosyarium. Among his patients was the young Prince Norodom Sihanouk, even then part-deified royalist and part-populist demagogue, the quirky leader upon whom the fate of Cambodia hangs so shakily today.

In spite of his busy life, the good doctor eventually found time to marry a Cambodian wife and start a family which grew to include six children. Paulette was one of them. Educated in French schools in Phnom Penh, Gallic in taste and temperament, the doctor's family found life ever more difficult under the radical nationalisms that began tearing Cambodia apart in the 1960s.

By the early 1970s, their father having died, the children began drifting away to studies, marriages and more stable lives in the west. By April 1975, when Phnom Penh surrendered to advancing battalions of the Khmer Rouge, only three of the children and the doctor's widow were left. She was lucky; she escaped the rural exodus and death in the killing fields by finding refuge in the French embassy.

Few of the friends Paulette left behind in Cambodia are alive today. Talk to any number of Phnom-Penhites and you are unlikely to find one who is not a survivor of a horrifying family tragedy. Paulette's decision to remake her life in Cambodia has required not only a prospect of peace, however slim, but courage to overcome the memories of the past.

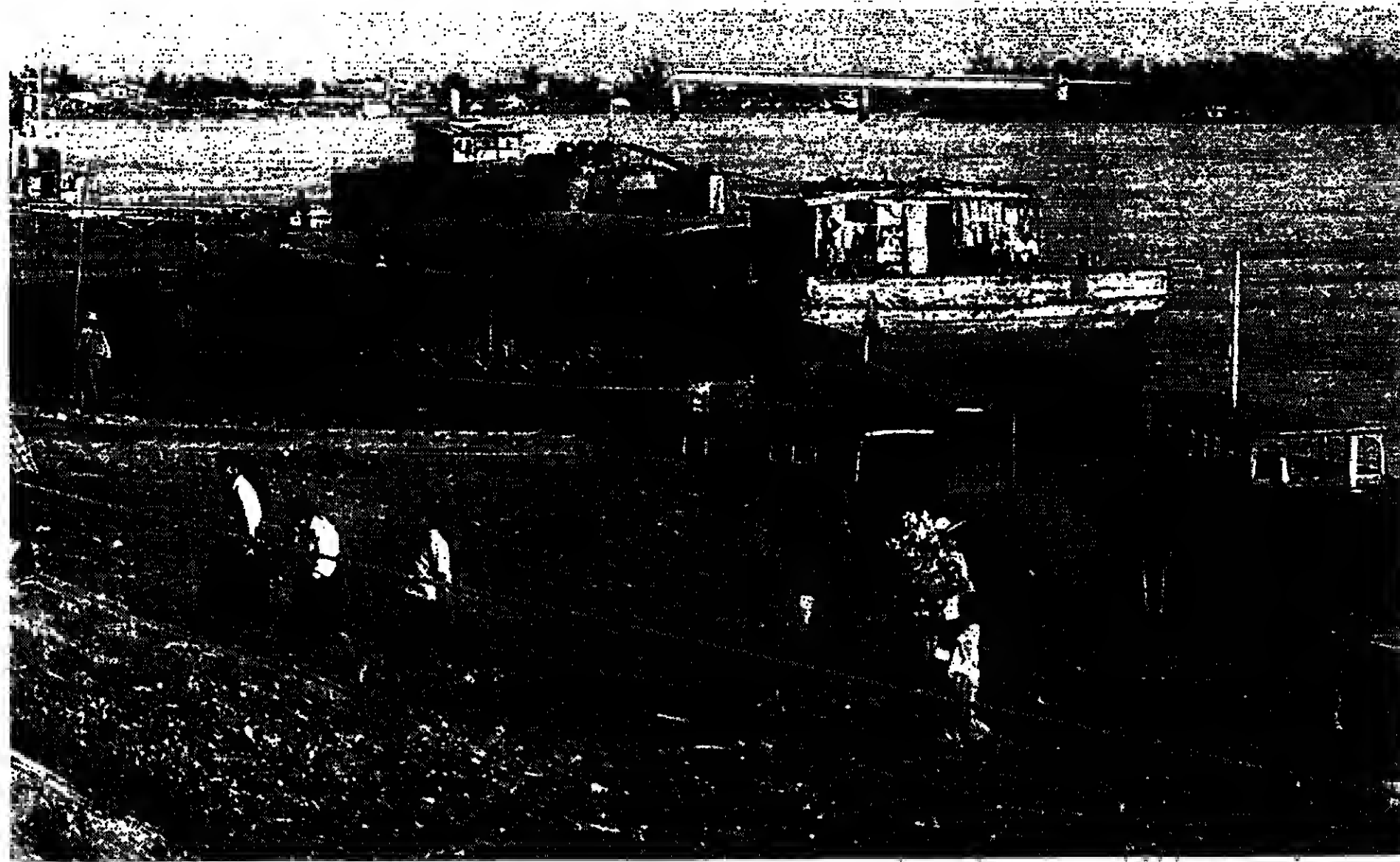
Phnom Penh is a city of several faces. In the days that followed my arrival, Paulette showed me Khmer Phnom Penh - royal palaces of tapering spires and delicate gables curving skyward; temples and pagodas where, through the drifting smoke of joss sticks, the electric halos of gaudy plaster Buddhas blink on and off, and side streets teeming with noodle stalls, sidewalk barbers and motorcycle repairmen performing miracles with bits of scrap metal and wire.

Paulette also showed me colonial Phnom Penh, the city of her own past: the arched porticoes of the Lycee Des cartes where she studied; the art-deco façades of the Cercle Sportif where she swam and played tennis; the mahogany-lined halls of the Hotel Royal, the most elegant Cambodian watering hole of its day.

Now, much of colonial Phnom Penh is sad. The sienna walls of abandoned villas are covered with mould and lichen. Their balconies are weather-beaten and open to the breeze, their gardens forsaken and gone to seed. For Paulette, it all evokes a special sadness. But the Khmer and colonial faces of the city are mere side-shows to Phnom Penh these days. They have all but disappeared beneath the big top thrown up by the biggest circus in town - the UN.

If the 22,000-man, 8,000-vehicle, \$200 pesos-keeping effort of the UN Transitional Authority in Cambodia, the largest operation of its type ever mounted, has failed to assert itself over the most crucial parts of the country - Khmer Rouge territory - it is indisputably present in Phnom Penh. I have difficulty imagining just how bad the Pol Pot years were. Even under the Vietnamese who replaced Pol Pot, Phnom Penh was a dismal and deprived place. Today, all that has changed. A wild west of the far east, the city is riding a booming, unregulated, dollar-propelled economic wave.

One afternoon, Paulette took me to one of the two small hotels she has leased and manages in town. Pastis, Gauloises,



Boats at Quai Karl Marx, Phnom Penh, a city of palaces, temples and noodle stalls

Sarah Murray

'Children set off firecrackers in places calculated to cause mischief'

run a hotel for the Foreign Legion. It sounded as improbable and as curious as events in Cambodia itself.

I had no greater idea of what to expect in the Cambodian capital than of the changes in my brother's life. When we left Indochina early in the 1960s, Cambodia was a Buddhist kingdom still ruled by a demigod, an old, cultured country, hierarchical, mannered and ceremonial, authoritarian, admired nostalgically by the French civil servants who had administered it so recently.

However, the bloom of centuries was mangled rapidly by the ideologies that colonialism engendered. Over the next three decades, one cataclysm followed another: a Vietnamese war that over-flowed its borders; a secret US bombing campaign to halt the spill; a right-wing political coup; invasion by US forces and their South Vietnamese allies; four years of social chaos and at least 1m lives lost to genocidal, Chinese-backed Khmer Rouge revolutionaries; invasion again and the installation of a Soviet-supported, Vietnamese-led regime; and 10 years of factional fighting which bled the country dry and has left it without effective government to this day.

It is a familiar, endless litany of strategic super-power manoeuvring, regional economic opportunism and national political chicanery, a list of horrors that makes you wonder that there is anything left of Cambodia at all.

I arrived in Phnom Penh at the beginning of Tet, the Chinese new year celebrated in south-east Asia wherever Chinese traders, and the communities that follow them, have settled. As I wheeled into town from the airport, crowds of Cambodians in their holiday best strolled the promenade alongside the wide and muddy Mekong river.

Brides in long white dresses posed in parks for family albums. Bands of children set off firecrackers in places calculated to cause maximum mischief. The city was festive, vibrant, humming, a far cry from the ravaged images that two decades of Cambodian war reporting has left in our minds.

From the back of a motorcycle taxi, Phnom Penh is a place that would have delighted Lewis Carroll. It appears to have decided that it lives in some upside-down, back-to-front universe. You do not simply drive in Phnom Penh. No matter what the situation, and at whatever speed is half-sane possible, you merge. In Phnom Penh, intersections are challenges to be overcome, vigorously. Left and right are nominal notions. The only rule is that big gives way to small. Downtown, several hundred thousand motorcycles, cyclo-trishaws, bicycles, UN trucks, cars and 4x4s all work to a rhythm that is innovative, energetic and untrammeled by fixed procedure. It is a style that reflects the ethos of the entire city: surprisingly, it more or less works.

card games of *vingt-et-un*, tired men in jungle fatigues talking about their work in paddy-fields - with eyes half closed, I might have been watching French Saigon in the 1950s.

Paulette, though, is only one of tens of thousands of Phnom-Penhites who have found a living in the artificially-generated service economy. Visit some of the scores of other hotels, shops selling luxury goods, foreign car dealerships, bars, res-

taurants and dancing halls that have sprung up like mushrooms, and you will find that the UN has brought the whole world to the city.

In the Pacific Hotel I watched a mountainous, bristly Bulgarian soldier wrestle a slip of a girl - one of the many Vietnamese who have flooded into the country for its quick and easy living - out of her chair and on to the dance floor for his own Balkan version of

rock 'n' roll. In The Cathouse, favoured for its shorts-clad Filipino girls, I watched New Zealanders thrash Canadians at the pool table. In the No Problem Café, a villa of restored colonial elegance, I stepped the ultimate in UN-inspired cocktails: a house special of gin, blue curacao and lime known as *la casque bleu* (the blue helmet).

Following two decades of hardship, Phnom Penh's quick

prosperity seems something of a dream. In spite of the smoke-and-mirrors magic of the spending boom, there is little solid investment. No one knows what will become of Cambodia and Phnom Penh after the UN goes home. Everything is sold, nothing is made. Most new fixed investment is not Cambodian but ethnic Chinese. Profit on assets is calculated not in years but in months or weeks. Private and

state corruption is endemic: government officials sell everything from official cars to the buildings in which they work.

It makes Paulette sad. I asked her one evening why the country seems to have so little faith in itself, or its future. "Cambodians are a nation of survivors," she told me. "Under Pol Pot they learned to lie, to steal, to cheat. Day-to-day survival has become everything, when we

see an opportunity today, we seize it before it goes. We live in impermanence and uncertainty."

Paulette dreams, one day, of opening a fine hotel on Cambodia's lush tropical coast. Greg imagines environmental protection on the Tonle Sap Lake, Asia's last great unspoiled wetland. Neither, however, believes an end to the country's problems lies just around the corner.

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TRAVEL

Trunk calls only to north India

WEARING A red cap fringed with silver, a sweeping rich red cloak, large and opulent earrings and delicately applied make-up, Moti (Pearl) looked every inch the star he was. His owner claimed proudly that he was the best elephant on sale at the fair, which explained his high price - the equivalent of £3,140.

As his owner was Mr Solanki, the district president, who had three armed guards, who was I to argue? "Either I sell him for that price or I take him home. I will not bargain", he said, as Moti rocked back and forth on his shackled legs, the chains clinking slightly with his restlessness.

From time to time his mahout, who sat beside him on a bed of reeds, cut a stem of sugar cane into convenient lengths, tied them with some blades of grass and passed them to Moti's questing trunk. The animal hoisted them to his mouth and munched them with relish.

The *mela*, or fair, at Sonapur, near Patna, in northern India, is reputed to be the largest in Asia, an immense gathering of traders who come to buy and sell cattle, horses, buffaloes, mules, oxen, goats, camels and most famously, elephants. A little like an Indian version of the Royal Welsh or Bath and West agricultural shows, manufacturers

have stands at Sonapur to promote fertilisers or tractors, and state departments such as forestry and railways have their own exhibits. There is a large fun fair with three big wheels and a variety of stalls forming a vast bazaar. Here women sit beside the piles of dye of pure, almost luminescent red, orange and yellow, while next to them may be cauliflower or egg sellers or street barbers.

Michael J Woods
visits the
elephant fair at
Sonapur, Patna

And there is food for sale everywhere. Curries bubble and steam, fresh samosas gleam golden from leaf dishes while a skilled cook expertly twirls his bag of flour paste over a pan of boiling butter to create distinctively shaped sweetmeats called *gilebi*.

At times, it is difficult to linger because of the press of the crowds. The pedestrians who fill the roadways have to draw aside to allow bellowing buffaloes or Brahmin cattle to pass, or to give way to the strident bells of the tricycle rickshaws, or the hooting of buses. The *mela* originated as a religious

event and begins on the day of the full moon in November, Kartik Purnima. At dawn, large numbers of Hindu pilgrims gather for a ritual dip at the confluence of the Rivers Gandak and Ganges, where a mythical battle took place between an elephant and a crocodile, the reincarnated forms of two brothers. At its climax, when the elephant appears doomed, Lord Krishna steps in and the crocodile is killed.

Pilgrims stream in from miles around, pouring over the old iron bridge into Sonapur itself, arriving by train at what is India's second longest platform or clotting the road with traffic until the resultant jam seems gridlocked. Arriving at the back of such a queue, you need a top-class fixer, and we had one in the form of Zubin Mody, our guide and major domo who travelled with us throughout our trip.

Stepping lightly from the bus, Zubin quickly found the local chief of police and, by means about which we did not inquire, enlisted his help to shuffle lorries off the road and clear a space across the market square so that we could rumble through to our camp site. Parts of that jam were eight hours old.

Once the *mela* gets going, it does not stop for a month and is a 24-hour-a-day affair. As the light melts away and the day comes to an end, the dust in the air appears to

thicken and is joined by the smoke of dozens of newly-lit charcoal and dung fires.

When night comes properly, the circus opens and the evening shows begin. We entered through a thin board facade of a castle entrance, the sort of thing you might see at the landward end of a failing pier at a second-rate seaside resort. Inside, the great canvas hall was divided into four sections, denoting four ticket prices, by barbed wire hung on bamboo staves to keep the groups of men (these shows are for men only) apart.

Our show consisted of a series of

modern Indian songs, with music so amplified - to reach those at the back - that it was painfully distorted near the front. While they remained fully clad in knee-length, long-sleeved, high-throated dresses, the pelvic thrusts, hip wiggles and breast-shaking of the singers left little to the imagination. It seems the fences are also necessary to keep susceptible country boys at bay.

At first light the elephant lines stir. Fires are rekindled and new fodder arrives. One by one, the chains are loosed, the mahouts climb astride the elephant's neck by grasping both its ears and walking

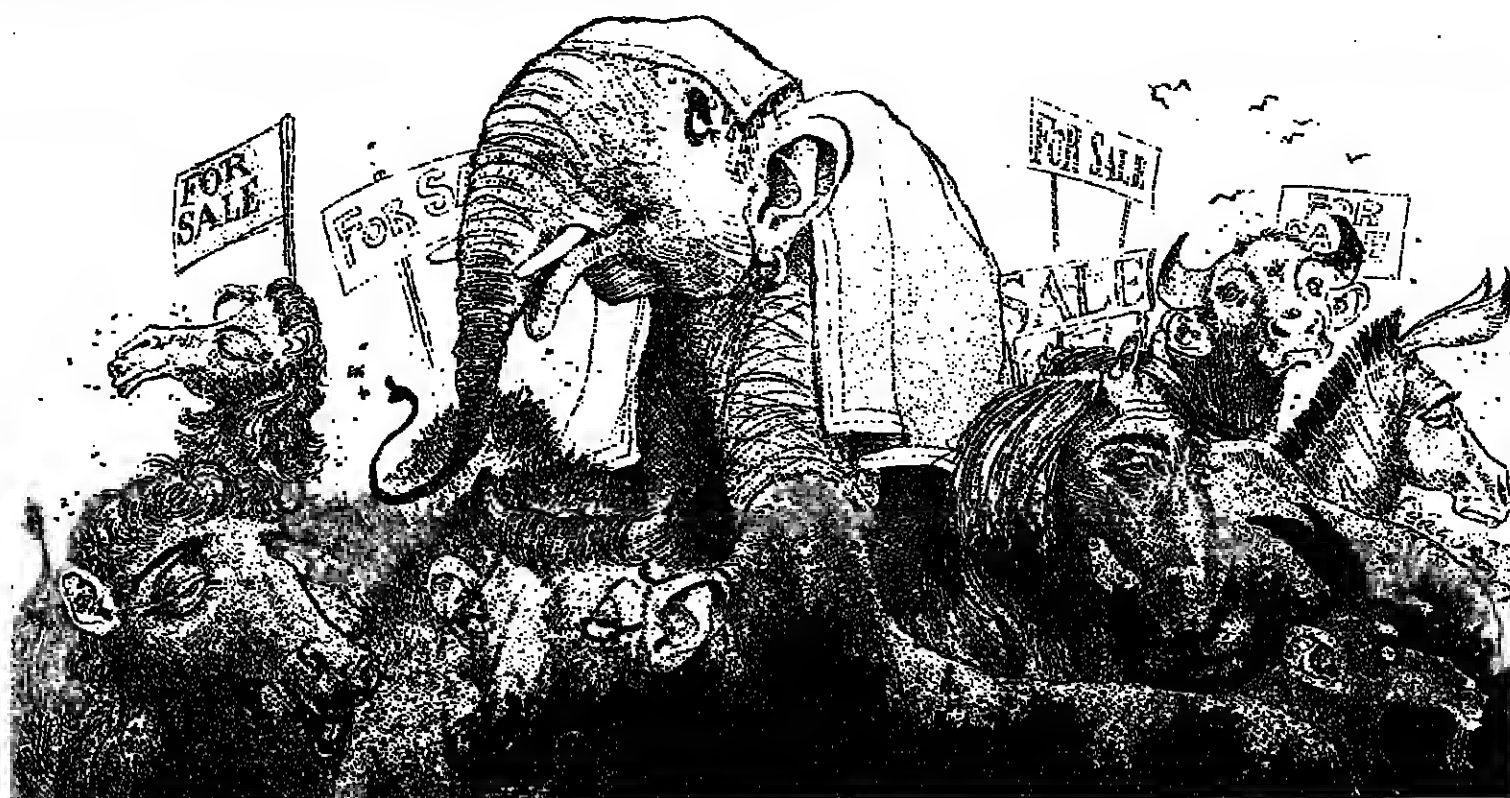
up the animal's trunk, and they pad off to the river.

Gentle as lambs, they rolled amiably on to their sides in the Gandak to be scrubbed with bricks or stones like pumice: faces, ears, sides, back, even the soles of their feet. With one side done they stood up, turned round on command and lay down for the washing to be completed.

The sun had almost risen when Moti came striding along, full of self-importance. At the top of the bank he stopped hut, try as he might, Moti's mahout could not persuade the stubborn pachyderm to approach the water. Good looking

he might be, but such intractability banished thoughts of raising £3,140. I was not going to buy an elephant which refused to be washed.

Michael J Woods travelled with Twickers World, which offers a 15-day Indian journey that includes two days at the Sonapur *mela* and also visits Delhi, Jaipur (where elephants, bought at previous fairs, can be ridden to the Amber Fort), Agra, Patna, Calcutta and Bombay. There is only one departure a year to coincide with the *mela*: this year it will be on November 22, costing from £2,165 plus government hotel tax.



MUCH OF Dresden's historic core is still a reconstruction site, 48 years after RAF bombers smashed it. But the old architectural gems are slowly coming to light again in time for the city's 800th anniversary in 2006.

The spirit of reconstruction was brought home to me after climbing the staircase of the Alhertinnm, when I spent some time on the first-floor landing absorbing Canaletto's five magnificent Dresden panoramas. On one of the churches he had painstakingly recorded scaffolding around the steeple. Some time life seems to stand still. The same steeple was encased in scaffolding during my visit as well.

Although it is one of Europe's greatest art galleries, the Alhertinnm is mercifully neither over-

Dresden: bombed, battered and beautiful

powering nor crowded. It is all the more pleasurable, therefore, to take in the few rooms of Old Masters, where household names predominate. Even the Dürers, Holbeins and Botticellis paled (at least for me) beside Titian, Vermeer, Raphael's Sistine Madonna and my own favourite: Rembrandt's joyous self-portrait with his wife.

The one view by Canaletto that looks virtually unchanged is the courtyard of the Zwinger. Despite torrential rain, I found the Zwinger one of the most enchanting Baroque buildings I have seen - light and airy, as befits a palace built for pleasure and festivals.

Eighty per cent of visitors to Dresden are there on business, and the hotels could fill their beds three times over throughout the year. Hotel prices trebled after unification two years ago, and, at least until recently, they are the most expensive in Germany. Even a double room in a two-star hotel can cost around £90. For most tourists, the obvious solution is bed and breakfast 10 miles from the centre at around £35.

Visiting the former DDR is not just about seeing a clutch of great monuments. My suggestion is that, if you missed the fall of the Berlin wall, then go now, because for a

comparatively short time you can witness a rare and exciting occurrence - the painful attempt by the east Germans to come to terms with their new fate: half a nation in metamorphosis.

Everywhere you look, life in the old DDR (the letters still top many buildings) mixes with the new. A smart new café stands a few yards from a ladies' fashion shop, so staid it could have strayed from a 1930s film set. How they all love to drive their unlovely Trabants.

We drove west down the silver road to Freiberg, so named because of the silver mined in the area for 500 years until the early 1800s.

Grey apartments gave way to flat-topped countryside and impoverished villages with a good sprinkling of half-timbering. It was like a version of West Germany of 40 years ago. Paint seems to have been largely unobtainable, but here and there was a smartly manured house and garden, perhaps the residence of a privileged party official, now unemployed.

Freiberg's cathedral square had more charming buildings, but nowhere to sit or drink a coffee. A cathedral guide insisted on locking us out because it was the job of the next guide to let us in. Meanwhile, it rained. Old rules die hard.

Inside, the roof had been repainted with superior Christmas-tree decorations based on 15th-century originals. The astonishing tulip pulpit was half-restored, while many of the Electors of Saxony reposed in stony splendour behind a screen.

Freiberg is a half-day's excursion from Dresden. Meissen is a similar distance, accessible from Dresden by road or by pleasure steamer along the Elbe. Most go to see the porcelain, the first and the best of its kind in Europe - made since the early 1700s. I saw a beautiful thimble for £75, with dinner services *pro rata*. Both factory and museum are

worth a detour, but buying is cheaper in Harrods.

Finally to Weimar, in neighbouring Thuringia - a cultural showpiece even in communist days. Goethe's elegant but modest house - his home for 50 years - is preserved in time-warped fashion, from his inkpot and desk to the armchair he died in. Schiller, his poorer friend, lived only the last three years of his life near by. In bronze they bestride a plinth outside the national theatre where the Weimar Republic was born.

Weimar's streets and squares are a delight. I chewed a Thuringian sausage in the market square while contemplating the house of Cranach the Elder. His last great trip-tych is in the parish church.

Geoffrey Weston

*"I was told if I went
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PROPERTY

For £50,000, there's a world of choice

A THREE-bedroom, semi-detached house in the Midlands region of England will, typically, cost £50,000, according to the country's largest building society, the Halifax. But what will it buy in other parts of the world?

In the Irish republic, you could get a two-bedroom house or flat in a suburb of Dublin or Cork. In Switzerland, though, you could probably find only a re-sale studio at that price; even then, it would take some effort. One such - at just over £50,000 and offered by David de Lara & Partners (tel: 081-749 2188) - is a second-floor studio with balcony in a chalet at Les Crosets in Portes du Soleil, the Franco-Swiss ski area.

In France itself, £50,000 will buy you a manor house in Picardy with three to five bedrooms and three acres; the sum includes the purchase fees. Agent Barbers (071-381-0112) says it does need some repair work, but the price has been cut from £55,000.

This agency produces a useful after-sale leaflet with advice on such things as paying bills at a distance, letting, and getting restoration work done. If, for instance, you use an unregistered builder, you will not get a VAT receipt and will be unable to offset the work against capital gains tax.

In France's Charente Maritime area, £50,000 will acquire a three-bedroom cottage with 24 acres of marshland running down to the Gironde estuary - a place for the fishing and shooting enthusiast. The cottage does need some interior updating but is only 35 miles from Bordeaux and its international airport.

It is offered by the French Property Shop (0892-852-449) which, at the same price, also suggests a house in a tourist

village close to the river Dordogne for anyone seeking a home with income. This has four suites of bedrooms with shower rooms and is used for bed and breakfast. The English owners put it on the market originally at £72,500.

Then there is leaseback. You can buy a property priced at, say, £80,000-plus in a Pierre & Vacances resort in France, lease it back to the company for 11 years - and pay only around £50,000. You can use it yourself for six weeks a year and have no management or maintenance charges. Pierre &

You can even get a French manor at that price, says Audrey Powell

Vacances (071-824-8866) has several resorts where this sort of deal is available, including two on the Atlantic coast.

Possibilities elsewhere include:

■ **Andorra.** Wedged between France and Spain in the Pyrenees, it can be tedious to reach by road from either country, but the living costs are low and there is good skiing. There, £50,000 will buy a two-bedroom flat in a town although the price edges up in the valleys, says agent G.A.K. Williamson & Associates (0962-734-999). Slightly larger than the Isle of Wight, the principality has a population of about 55,000, around 4,000 British.

■ **Spain.** There are re-sale properties at whatever price you want. For £50,000 there is a three-bedroom furnished apartment near Fuengirola; a two-bedroom apartment in the La Manga club near Cartagena; a three-bedroom detached villa

near Torrevieja; a two-bedroom town house near Rosas, with boat mooring included; and many more (through Sheld Kall Wright, tel. 0708-450-784). Fewer new properties are available at this price, although studios are being marketed in the harbour section of Sotogrande on the Costa del Sol (071-824-8866).

For £50,000, buyers should be able to find something new at the Kennedy-Wilson auction of Wimpey properties in Spain and Gibraltar at Marbella on May 9 (details: 071-497-9707). The 77 units being offered range from one-bedroom apartments to three-bedroom town houses at Estepona, Spain, with reserve prices from £15,000 to £70,000 (including several at £50,000).

Of the 19 apartments offered in Gibraltar, four have a £50,000 reserve. Bidders must register before auction day.

■ **Portugal.** Another way to spend around £50,000 on an overseas property would be to buy a quarter share. These are available from Bovis Abroad at its Sao Lourenco development on the Algarve. The company insists it is not timeshare because you get freehold title.

A quarter share of a two-bedroom furnished flat can be bought for £49,000, and there is an annual maintenance charge of £1,000. Your three months' use is divided into sections through the year, and the pattern rotates over four years. Quarter-share apartments are mixed among those in single ownership on the estate, which offers tennis and swimming.

Owners get a 25 per cent discount on the golf course. Information: 0800-252-235.

■ **Italy.** Many of the rural possibilities there would double in cost once essential renovation was taken into account. But Brian A French & Associates (071-284-0114) suggests a



The Lely Resort near Naples, Florida, where £50,000 could buy you a plot overlooking a fairway on one of three golf courses



All this and three acres, too... a manor house in Picardy for £50,000. But it needs some work

six-room farmhouse at Montisi, Tuscany, with cellars, stables and 20 acres. Priced originally at £75,000, the owners (the family of the late actor Robert Morley) will take £50,000; the reduction should help to offset any later bills.

■ **Turkey.** A London agent

(071-352-2931) who himself has a property in the far south-west Bodrum region says £50,000 would finance a very comfortable villa there on a sizeable plot. One possibility is a freehold site close to the water at Turhuku, 18 miles from Bodrum, and big enough

for a detached house with three or four bedrooms and two bathrooms.

The agent suggests that the work could be carried out by a local architect and builder, and adds that other sites are available in nearby villages. The nearest international

airports for the area are at Izmir or Dalaman.

■ **Greece.** A British builder (0423-865-882) is constructing five villas with three to four bedrooms, priced from £50,000. The development is in the Mani area ("the real Greece, rather than the holiday hot-spots") of the Peloponnese, the most southerly part of the mainland. It is about a mile back from the coast but the houses have sea views. The nearest airport is Kalamata.

■ **Holland.** In Rotterdam, you could buy a block of three (tenanted) flats for a little under £50,000, purchase costs included. They will return an income of just over £4,000 a year net of running costs and expenses, according to London solicitor Osbornes (071-485-8811) which is offering them.

■ **Czechoslovakia.** Arlette Adler, of Villas Abroad (081-891-6444), is partly Czech and her agency has property available in Prague. For £50,000 you could buy a one-bedroom flat in the city centre or a two-bedroom apartment off-centre.

There is a shortage of hotel accommodation in Prague and

charges are high. Thus a business person who visits the Czech capital often might find it worth having such a pied-à-terre available, particularly as Adler says it could be let "extremely profitably" when not required.

■ **US.** In south-west Florida, east of commercially-orientated Fort Myers, is Lehigh Acres, a residential community with three golf courses. Agent Tom Cowell in Bangor, Wales (0249-370-601), is offering three-bedroom, two-bathroom homes with two-car garages on quarter-acre plots for just under £50,000, including the land.

Some 37 miles south, on the fringe of leisure-orientated Naples, is the 3,000-acre Lely Resort where a third golf course will be completed next year. A hotel, tennis ranch, country club and pools are being built, along with houses and flats.

What would £50,000 buy there? If you are lucky, says UK agent Knight Frank & Rutley (071-824-8171), you might just get a quarter-acre plot overlooking a fairway. The house would be what you cared to spend.

Weekend FT

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MOTORING

At 35,000 feet, on board a chartered Ilyushin 84 over the still snow-clad wilderness which vaguely defines the borders of Uzbekistan, Iran and eastern Turkey, the Australians were holding an impromptu auction of 16 bread rolls.

They went for an average of more than \$150 each. But what had begun as an auction became a general collection among the 102 surviving crews of the Lombard London to Sydney car marathon who were, thanks to the diplomatic row over the renewed Iranian fatwah on author Salman Rushdie, flying not driving down the old Silk Road to Tashkent, our cars following in two behemoth Antonov air freighters.

When the marathon reaches Eucla, the most remote of the Australian outback towns on its route, the money will be handed over to its school.

"We'd heard there was a catering strike at the airport and that there would be no food on board. So we just grabbed the rolls at the cafe," said competitor Graeme Furness, managing director of a Sydney car dealership. "We were going to raise money for Ginger's children. But when we found out they were 22 and 26, we thought it might be more appropriate to raise funds for the kids of Eucla instead."

"Ginger" was Brian Ginger, the co-driver of a Holden Monaro from Victoria. Brian, a company director who would have been 46 next month, died when the rally car collided head on with a bus on Tuesday. The accident happened 7 kilometres from the end of a spectacular special stage that he and driver Norman Framstad, an accountant from Victoria, had just completed in the Bolu mountains of northern Turkey.

The precise cause of the crash remains unknown. But the death has cast a shadow over the event as we prepare in Delhi for the next five-day leg through the Himalayas and around India. It seems less important whether New Zealander Graham Lormer's Ford Escort can reclaim his lead from Porsche-mounted Francis Tuthill; whether veteran British rally stars Andrew Cowan and Roger Clark can climb back into the top 10 by Sydney - and certainly whether Neville Marriner and me in our Unipart-backed "Save the Children Food" Lotus Cortina can continue our steady climb through the field from 96th to 58th.

Framstad has made it clear that at the time of the accident their car was travelling at normal highway speed. Nevertheless, the accident has focused attention on the fact that a sizeable minority of competitors have, some of them frequently, exceeded the limits of what is acceptable in terms of aggressive driving on the public highway.



The long and winding road: John Griffiths' Lotus Cortina on the old Silk Road near Erzurum in eastern Turkey

Neville Marriner

The rally that suddenly stopped being fun

John Griffiths on attitudes and events that have soured the London-Sydney race

It is the one misfortune so far of an event which otherwise has seen nearly 120 competitors and officials' cars passing through 10 countries in 11 days. It has been a triumph of logistical organisation by Nick Brittan and his 20-strong team of administrators.

We have crossed problematical borders, such as Romania's, sometimes through crowds of refugees, in a matter of minutes. We have passed lines of trucks nearly a mile long for whom the same process will take days. And even the competitors were overawed as we watched an entire field of rally cars disappear inside the Antonovs.

Paradoxically, while the organisers may soon read the riot act to the rally's miscreants, the police forces and the inhabitants of some of the countries we have passed through

must share some of the blame for the reckless driving.

It is difficult not to respond when crowds line their own streets making clear signs for competitors to go faster, even though, under the rules, these are non-competitive road sections where all normal highway rules must be obeyed. It is even more difficult when - as we have found across all the old eastern bloc countries - police at every junction are holding back other traffic and goading the competitors on.

Brittan points out that the average speeds set for road sections lie well within each country's relevant speed limits. The marathon's regulations also provide progressively stiffer penalties - including expulsion - for competitors who attract police complaints. But for the indulgent attitude

of some police forces, several drivers might be facing that penalty.

How, for example, do you excuse one car travelling so fast through a minor, dusty Turkish town that it goes into a backwards spin to avoid a mother crossing the road with her infant? And what did the Skoda driver think, when his car, with his wife and small children aboard, was forced off the road by another competitor in a small town in Slovakia?

The race resumes today. As we have prepared to set out for the Himalayas there has been growing discussion about our behaviour on the road. What is acceptable in countries where, generally, local standards of driving are themselves normally appalling. Even the offenders have begun to realise that Sydney remains 7,000 miles of driving away.

In all other respects, the marathon is living up to competitors' hopes.

Even though we are required to use cars of the same vintage as the original London to Sydney marathon of 25 years ago, it is certainly no joy ride.

Cars and drivers are being tested to the limit. We are racing against the clock over high mountain passes with appalling drops - euphemistically described as "fresh air corners" in the route notes - or on gravel tracks snaking through the wilderness.

All these stages, 46 in all, take place on roads closed to public vehicles. They are fast, exhilarating and undeniably dangerous. In Australia some will be as long as 100 miles. And they lie at the heart of the competition for the majority of the 106 crews which set out from London for this 11,500 mile odyssey.

Sisters under the trim

Stuart Marshall compares the Rover 600 and the Honda Accord

ON MY left, the new Rover 600. And on my right, the new British-made Honda Accord. As everyone must know by now, under the sheet metal they are the same cars. What sets them apart are really no more than cosmetic changes to the front and rear ends and a different approach to interior styling and trim.

But are they merely badge-engineered clones? I think it would be glib to leave it at that. There is nothing dishonourable in using the same engines, transmissions, suspensions and some body parts in what are promoted and sold as different makes of cars. Developing a completely new car costs so much it has become impossible not to. For example: identical engines and transmissions go into Audi 80s and Volkswagen Golfs; all Citroëns and Peugeots; and many Fiats, Alfa Romeos and Lancias. But as individual cars they all manage to feel different.

Were I to get into a Rover 600 or Honda Accord in an unlit garage and drive them off into the night, I would be hard put to tell which was which. Both are as quiet, comfortable, lively and refined as one expects a modern 3-litre saloon to be. In daylight, though, it would be a different story.

Comparing the Rovers I had driven last month with the Hondas I sampled last week, the Rovers seemed somehow more distinguished. I could even have convinced myself they were more than just Hondas that had had a loose job and a tail tick.

Outwardly, the 600 is a handsome car; a proper Rover, in fact. The Accord looks a typical Honda and there is, of course, nothing wrong with that. From the front, the only car you would mistake a Rover 600 for would be a Rover 800. It looks as up-market as BMW's 3-Series that it is being

pitched against. Inside, so long as lashings of traditional wood veneer turn you on, there is no contest. The interior of the new Rover 600 Series makes the Honda's look quite ordinary and more than matches that of the BMW.

Beauty is, of course, skin deep. The Honda Accord may look a bit bland compared with the Rover but it comes very well equipped.

When the Accord goes on sale in Britain next week a 2.0i LS will have a £15,145 list price. This includes electrically operated front and rear windows, sunroof, heated door mirrors and aerial; remote central locking; stereo radio-cassette and, should you want it, metallic paint.

Its Rover 600 counterpart, the 620SLi, costs £17,200 and metallic paint is a £345 extra.

At £18,475 the poshest Accord 2.0iES is trimmed in soft hide. It even has some wood veneer but is only £25 dearer than the equivalent Rover 620GSi. This, too, has leather seats - but not the Honda's standard air conditioning and driver's side airbag.

So in the end, as the old saying has it, you pay your money and takes your choice. A potential buyer of an Accord or Rover 600 would be wise to match specification details carefully before deciding one way or the other.

The Swindon-built Accord is every bit as British as the Cowley-made Rover 600. Honda is confident company car fleet managers - and their financial masters - have taken this point on board.

If value and performance, comfort and equipment are the only criteria, the logical choice would be the Honda. But the Rover's fairer face and traditionally British interior may seduce status-conscious buyers. Whichever they choose, they can be sure of getting a thoroughly competent car.

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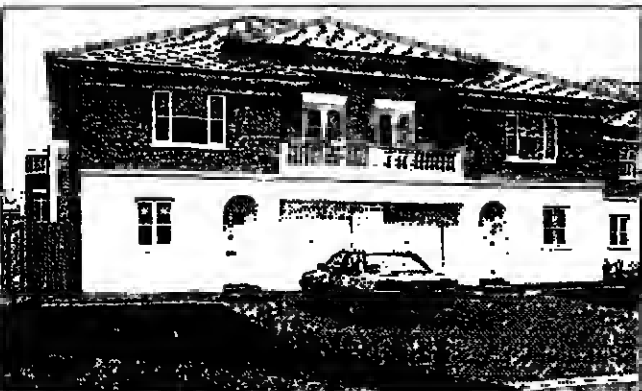
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BOOKS/COLLECTING

SF's lost king still defends his throne

A WAR of succession has broken out. Isaac Asimov, king of speculative fiction, is dead. Publishers have anointed two rivals to the crown: Jack Womack and Stanislaw Lem.

As if to escalate the struggle, *Forward The Foundation*, Asimov's final novel, completed only weeks before the 72-year-old grandmaster of SF died last April, has just been published posthumously. The *Foundation* series is Asimov's most sustained work of invention and his best loved. Inspired by Gibbon, it is the epic future history of a decadent imperial system incorporating 25m inhabited worlds.

As *Foundation* fans know, one man sees the collapse coming long before anyone else. He is Hari Seldon, father of psycho-history, a nascent statistical science of human behaviour which forecasts that, left to itself, the Galaxy will endure 30,000 years of anarchy. Seldon reckons that this mother-of-all-recessions may be contracted to 1,000 years if a small enlightened community can be preserved. So he establishes his Foundation, a benevolent secret society, and the seven books of Asimov's series follow its fate.

Forward The Foundation is the biography of psycho-history's founder, a kind of cosmic John Maynard Keynes and the self-confessed alter ego of Isaac Asimov. This last book is the keystone in the archway of the series, and Asimov deserves this monument. Be warned though that the pace of invention and surprise is slower than in the early *Foundation* novels. The stylistic cliché count is also higher. But the subtle, sustained parallel with the last days of the Roman Empire and the discreet pervasive influence of the earliest Christian communities still

ignites the imagination.

Jack Womack, the first challenger for Asimov's crown, has written a strange novel about Elvis, the rock n' roll legend whose transformation into cultural icon was strange enough in the first place. There has emerged in America in the 16 years since Elvis's death a well-documented psychological syndrome to describe the addicted collector of objects sanctified by the touch of the King. His fans regard him as divine; his Graceland mansion is their Mecca. That much is plain fact. Now for the fiction.

Elvises pictures a future in which the C of E is triumphant. We are, however, light years removed from tea and cucumber sandwiches with the vicar. The C of E is the Church of Elvis, with its schismatic groups including the Prearmies, the Hosts of Memphis, and the Shaken, Rattled and Rolled. These sects comprise a large proportion of the developed world's population and they are dangerously unstable.

To control them, the global-ambitious Dryco corporation sanctions an audacious time travel kidnap. The plan is that the dislocated Elvis, plucked from Memphis 1954, will keep his charismatic followers docile in New York 2033. Don't laugh. This is a grim and powerful novel.

Womack's world is discerned as if through a glass darkly, and demands considerable initial attention from the reader. Has the cyberpunk generation the required attention span? I hope so, for this odd and oddly rewarding novel transcends cyberpunk - the streetwise, cynical SF fashion of the '80s - in important ways. Womack's book is different in tone and content from anything you may have read.

Then there is Stanislaw Lem. *Mortal Engines* (translated by Michael Kandel) is a collection of stories which demonstrates what the genre may boast at its finest. The "mortal engines" in the title are not the lethal cannons described by Shakespeare's Othello but living automatons. Virtually every character in these pages is a machine. Even the robot dogs have robot fleas.

A sure sign of Lem's literary stature is that his work demands classical comparisons. Take the novel-length tale entitled *The Mask*. If Kafka and Henry James were writing today in Polish and collaborating on SF, *The Mask* is what you might expect. It is a fairy tale told from the dragon's perspective. Love, death, free will are its themes.

Lem juggles elegantly with the deterministic world of fairy tales in which physics is controlled by morality (good princes always prevail, wicked ones always come to grief). The denouement will make your palms sweat.

The war of Asimov's succession can have only one just outcome. Womack is a prince in waiting. Lem deserves the crown.

FORWARD THE FOUNDATION
by Isaac Asimov
Doubleday £14.99, 414 pages

ELVISES
by Jack Womack
HarperCollins £15.99, 319 pages

MORTAL ENGINES
by Stanislaw Lem
Andre Deutsch £12.99, 239 pages

Martin Mulligan

New masters of the knuckle sandwich

THE FIXED boundaries of detective fiction and espionage thrillers are secure and reassuring - hence both their mass-market popularity and their critical relegation. Even the better practitioners, from Hammett to Simenon to early Le Carré, are often discussed with respectful irony and damned with faint praise.

John Harvey's hard-boiled police procedural *Wasted Years* is genre-busting crime fiction at its best. Harvey is either an important novelist who happens to use this form or, more likely, a very good genre novelist whose wider ambitions stretch this format. Harvey obeys the rules of this generic type - for example, puzzle-setting - but also transcends them. His method is to take a character - Charlie Resnick, a morose Nottingham detective - and go along with him into situations that take him to the end of his tether.

The plot concerns nearly-forgotten violence which has left some nasty unfinished police

business, a spate of armed robberies, and Resnick's broken marriage. In spite of the flashbacks, between 1968, 1981 and the recent past, it is an excellent read, with brisk narrative breezes blowing refreshingly through the twisted recesses of this heart-searching cop's past. Resnick makes Inspector Morse seem jaunty, but then again he has a lot to be despondent about: his personal life consists of watching Nottingham County football team and listening to jazz records with only four cats for company.

Resnick cheers himself up by making outstanding sandwiches - not making but building: "thin slices of Gruyère cheese, slices of smoked ham, halved black olives, onion, several pieces of sun-dried tomato and, finally, some crumbles of blue Stilton on top of two thick slices of light rye bread." We readers do not need cheapening up, however, as this is superb stuff - the book that is, not the sandwich.

Dave Brandstetter's L.A. patch is far from Harvey's nifty British provincial city. Private dick Brandstetter is the ageing creation of Joseph Hansen, and this is, in fact, the final Brandstetter mystery. But it is still a good enough place to start for new readers, a spare and stylish whodunnit set in sun-drenched, gentrified southern California. Brandstetter is a blond and blue-eyed veteran; a furtive smoker; another gourmet, though not of sandwiches - he even owns a good restaurant; he drinks malt scotch; and is, unusually for a sleuth, homosexual.

Hansen's tone is cool and determinedly restrained, the better to convey Dave's low-key integrity, so much so that a sudden, astringent paragraph about marshland lost to the city seems merely "literary" guff from an accomplished

WASTED YEARS
by John Harvey
Viking £14.99/£18.99, 274 pages

A COUNTRY OF OLD MEN
by Joseph Hansen
No Exit Press £4.99, 177 pages

THE DANGEROUS EDGE
by Lesley Grant-Adamsom
Faber £14.95, 330 pages

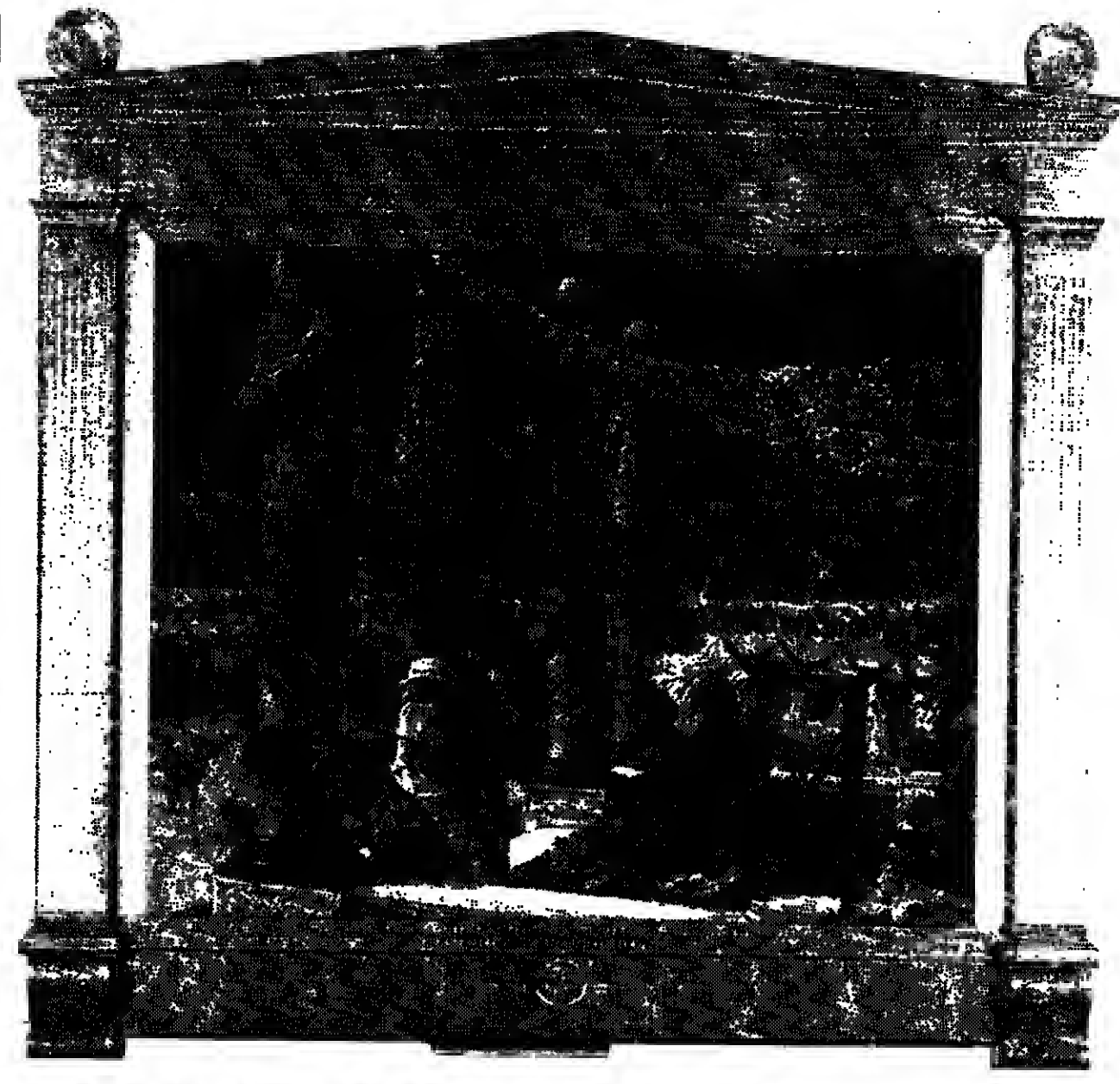
A SHRED OF HONOUR
by J K Mayo
Harvill £14.99, 256 pages

writer of popular fiction who wants to be taken seriously. This tiny, preening aberration aside, Brandstetter's last case is a fine yarn of drug dealers, failed rock musicians, child abuse and dishonest local politics - especially at only a five.

The Dangerous Edge is a spy story told by a woman in a field where it is generally gentlemen who prefer Bonds. Why was journalist John Blair shot? Why was he in Spain? Is it anything to do with that old East German agent now hanging round Prague? Search me, chum: ask Lesley Grant-Adamsom. This is a suspenseful, complex book, part thriller, part crime novel, converging on post-Velvet Revolution Prague.

More labyrinthine plotting in J.K. Mayo's *A Shred of Honour*. Witty, elegant, humane, Mayo is, like John Harvey, a "real" writer dressed in genre clothing and making the mob-bish distinction redundant. A cache of British chemical-biological-radiological weaponry has been stolen from the Gulf theatre of war and sent into the Nubian desert by forces unknown. As the caravan makes its way through Sudan, crumpled, likeably cynical military intelligence agent Harry Seddall plays his hunches about who did it and why.

What is distinctive about Seddall's milieu is that the spies are vital, amusing and brilliant people, completely unlike Le Carré's weary bureaucrats. The plot-twists are amazing, yet not far-fetched. The book lodges in the memory because of Mayo's objective treatment of ruthless spies. All this plus more sandwiches, though sometimes of the knuckle variety.



Sir Lawrence Alma-Tadema's "Caracalla and Geta: Bear Fight in the Coliseum 203 AD", to be sold by Sotheby's

Saleroom/Susan Moore

New London fair sets antiques world buzzing

SCPTICS WHO claim that there is no market for yet another antiques fair in London will shortly be proved right - or wrong. Wednesday sees the opening of the new British Antique Dealers' Association (BADA) Fair, staged in a Salon de Mars-style pavilion in the forecourt of The Duke of York's Headquarters on the King's Road in Chelsea. It is the first fair organised by the BADA's 380 members (unlike next month's Grosvenor House which is organised in association with BADA but invites non-members), and has been 10 years in the making.

It was conceived to provide an affordable and distinctive London showcase for those provincial dealers - plus those in the capital - who do not aspire to the glitz and telephone-number price tags of Grosvenor House. The public would be offered a comprehensive survey of the nation's art and antiques - and the reassurance of BADA vetting - by simply taking the Underground to Sloane Square and walking 100 yards. From the trade's point of view, at last, not only the big London boys would reap the benefit of the end-user's price.

As it transpired, the provincial dealers proved cautious

and more than half of the inaugural fair's 90 or so exhibitors are London-based. A fifth are big boys who are also exhibiting at Grosvenor House. The envisioned clear-cut distinction between the two fairs is bound to be blurred, not least given the directive from the organisers of Grosvenor House that exhibitors broaden their spread of prices. None of the dealers I spoke to who are exhibiting at both events has yet decided how best to divide his stock.

BADA Fair Chairman Alistair Sampson can detect "no whiff of competition" between the two BADA events. (The casualty so far has been the cancelled West of England

Antiques Fair at Bath.) He believes that people will find the new event less daunting than Grosvenor House and "a very good quality but feel-on-the-ground fair". That means commercial stock and prices reflecting the current buyer's market. Grosvenor House will no doubt remain the premier event, but the battle lines seem drawn for the middle ground. This can only be good news for those wedding chequebooks.

Sampson adds: "Buyers too impatient in a reviving market to wait until June for Olympia and Grosvenor House will come in droves". If they do, there is little doubt among the BADA membership that next

A life conducted in complexity

REGINALD GOODALL, one of the leading British conductors of the century and one of the elite among postwar Wagnerians, began his career with great (if unevenly acknowledged) spurs of promise. He ended it, in advanced old age, with a knight's cross, magnificent recordings of *The Ring* (this month re-issued on CD), *Tristan* and *Parsifal* to his credit, and the reverence of almost all British Wagner-lovers.

In between, he endured a period of cruel neglect as a staff conductor at the Royal Opera House misunderstood, sidelined and eventually shelved, who for ten years found his conducting dates there dwindled to non-existence (between the 1961 *Boris Godunov* revival and the 1971 *Parsifal*).

Even during that time, of course, he was not reduced to total artistic ineffectiveness. Otto Klemperer, as assistant on those late Klemperer recording sessions - the admiration between the two was mutual, as it had been between Goodall and another leading conductor, Erich Kleiber, and as it was to be between him and Kleiber's son Carlos. More to the point, in his little ayria at Covent Garden (nicknamed, naturally enough, Valhalla) Goodall continued on the *evigle Werk* begun in the middle 1950s - the schooling of successive generations of British and Britain-based Wagner singers to eloquence and international fame.

But then came the 1968 Sadler's Wells Opera *Mastersingers* - unforgettable in the small theatre, repeated to even more splendid effect when the company moved home to the Coliseum, where already the glorious adventure of the English-language *Ring* was set to unfold.

Those performances, and the Welsh National *Tristan* and *Valhalla* and *ENO Tristan* and *Parsifal* of the late 1970s and '80s, amounted to a revelation of long-lined, lovingly

rehearsed, sagaciously sustained Wagner performance - every instrumental line suffused with lyricism, every voice part unfurled, every word and note audible. These unforgettable evenings placed Goodall in the grand line of Wagnerian conductors.

The Goodall "galley years" at Covent Garden, as a chapter in John Lucas's new biography aptly calls them, are therefore the more depressing to contemplate when one holds them in the light of both the late triumphs and the early career progress. In truth, little in his upbringing seemed likely to promote that musical career, and the hand-to-mouth conditions, hinkered British-best tastes and unwarranted self-satisfaction that obtained in the musical life of this country for much of Goodall's early adulthood seemed designed positively to frustrate it.

In spite of that, and of the combination of shyness, eccentricity, and intransigence in search of high musical standards that marked his person-

ality, Goodall's achievements as choirmaster at St Alban's, Holborn, and with the short-lived Wassner Philharmonic Orchestra forced him, gradually, up the British musical ladder. The peak of the late period was his conducting of the 1945 premiere of *Peter Grimes*: the Britten connection led him in the postwar years to the newly formed opera company at Covent Garden. But later that connection was broken (Britten took offence at some small slight) and the gradual but inexorable decline in his fortunes as a conductor set in.

This is a tale alternately sad and exhilarating to read. Lucas - husband of Anne Evans, Goodall devotee, a former *Observer* Arts Editor -

tells it excellently: even for those British opera-lovers who think they know the ins and outs of it already, his *Reggie* will surely prove a compelling and fascinating read.

The picture painted of Britten and his circle in the *Grimes* and early Aldeburgh years is full of incident (some of it new to print), intrigue and passion running high on all sides. Lucas does not shrink the snobbery, prevarication and shady dealing that operated at Covent Garden in the Webster-Droghda era, nor the rough treatment Goodall underwent at the hands of Soli on his arrival there in 1961 - had it not been for a handful of obstinate Goodall champions, among them the critics Andrew Porter, David Cairns and the late Peter Heyworth, and then the Sadler's Wells visionaries Stephen Arlen and Edmund Tracey, Goodall's name would surely have been swept off the Royal Opera masthead sooner or later.

But above all, this is the portrait of an extremely odd man,

and it is undertaken with commendable frankness. However much one regrets the many chances missed, one comes to appreciate the number of obstacles placed by Goodall himself in the way of his own steady progress. Foremost among these must stand his pre-war fascist sympathies and his post-war reluctance to accept the full extent of the horrors unleashed by his beloved Germany.

To his unbounded credit Lucas never shrinks from the issue. Neither does he sensationalise it - and indeed, the admiration Goodall could feel for such Jews as Klemperer does point to the self-contradiction and simple muddle that Lucas discerns at the core of his political ideals. In sum, this is a first-rate biography, painstakingly researched, judiciously balanced, crisply and lucidly written - and as always in such cases, it illuminates much more than simply the remarkable main subject.

Max Loppert

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